



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR Part 3050

[Docket No. RM2020-6; Order No. 5445]

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 One). This document informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* April 2, 2020.

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 February 28, 2020, 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 periodic reports.¹ The Petition identifies the proposed analytical changes filed in this docket as Proposal One.

II. Proposal One

Background. Proposal One would change the revenue, pieces, and weight (RPW) reporting methodology “for measuring the national totals of non-contract mailpieces in domestic parcel mail categories bearing PC Postage indicia from postage evidencing systems.” Petition, Proposal One at 1. The current RPW methodology for such mail activity uses several census sources combined with statistical elements from the Origin-Destination Information System—Revenue, Pieces, and Weight (ODIS-RPW) probability sampling system. *Id.* at 1, 3. Proposal One would replace the ODIS-RPW statistical sampling estimates with corresponding census transactional data. *Id.* at 1.

The Postal Service lists several requests the Commission has approved for replacing statistical estimates with census data. *Id.* at 1-2. Mailers may pay for and print postage using PC Postage, a third-party vendor software approved

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal One), February 28, 2020 (Petition). The Postal Service filed a notice of filing of non-public materials relating to Proposal One. Notice of Filing of USPS-RM2020-6/NP1 and Application for Nonpublic Treatment, February 28, 2020.

by the Postal Service. *Id.* at 2. The Postal Service explains that customers use postage evidencing systems, which consist of postage meters and PC Postage products, to print evidence that required postage has been paid. *Id.* To indicate postage payment, postage evidencing systems print information-based indicia (IBI), which mailers place on a mailpiece or a label affixed to a mailpiece. *Id.* The National Meter Account Tracking System (NMATS) records PC Postage payment transactions. *Id.*

The Postal Service runs an Automated Package Verification (APV) system using barcode data, in-line scales, and dimensional scanners on parcel sorters to compare PC Postage transaction information with packages run through the APV. *Id.* Based on this comparison, the Postal Service either charges customers' accounts for underpaid mailpieces or credits postage for overpaid mailpieces. *Id.*

Proposal. Proposal One "would switch reporting of PC Postage domestic parcel mail categories from sample data provided by the ODIS-RPW sampling system to corresponding census data provided by PC Postage transactional data housed in NMATS." *Id.* at 4. Under the current RPW methodology, "ODIS-RPW data collectors record a PC Postage mailpiece as IBI and indicate the specific PC Postage manufacturer." *Id.* at 3. The Postal Service describes several limitations with the current methodology. *Id.* at 4. ODIS-RPW is a statistical sampling system producing point estimates with sampling errors, and ODIS-RPW tests may cause unintended errors in mail sampling and in recording data elements observed. *Id.* ODIS-RPW is unable to report on or adjust for

underpaid and overpaid mail. *Id.* By contrast, the proposed methodology uses census transaction data that are not subject to sampling error and would likely produce the same or better data quality. *Id.*

The Postal Service proposes to replace the ODIS-RPW sampling system (current methodology) with census transaction data (proposed methodology) no earlier than FY 2020, Quarter 3 to allow for full implementation of changes to the APV system that become effective on April 1, 2020. *Id.* at 4-5. It states that the proposed methodology “provides a complete census source of transactional-level data for PC Postage domestic mailpieces and makes appropriate APV adjustments at the record level.” *Id.* at 5.

Impact. To demonstrate the impact of the proposed methodology, the Postal Service submitted a report comparing FY 2019 RPW results using both the current methodology and proposed methodology.² This report shows differences by major mail category if the proposed methodology replaced the current methodology in FY 2019. *Id.* at 6. For First-Class Package Service as well as Media and Library Mail, both revenue and volume would have increased. *Id.* For USPS Retail Ground and Priority Mail, both revenue and volume would have decreased. *Id.* For FY 2019, total mail volume would have increased by 0.1 percent, total pounds would have increased by 0.3 percent, and total revenue would have remained unchanged because the RPW report is tied to the Accounting Trial Balance. *Id.*

² *Id.* at 5; *see id.* Attachment A. The Postal Service separately filed under seal as Library Reference USPS-RM2020-6/NP1 a non-public version of Attachment A that disaggregates data pertaining to Competitive products. Petition, Proposal One at 5 n.1.

The Postal Service explains that the differences in the report “are mainly due to differences in manual data collection (current methodology) compared to postage payment data (proposed methodology).” *Id.* It notes that the differences in the report would not have been as large if the APV system were fully implemented at the beginning of FY 2019. *Id.*

The Postal Service concludes that the proposed methodology change “will result in the improved reporting of PC Postage non-contract revenue and volume both in terms of the level and measures of precision.” *Id.* at 7. It adds that the proposed methodology change “will also allow for more granularity in the underlying report data.” *Id.*

III. Notice and Comment

The Commission establishes Docket No. RM2020-6 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 One no later than April 2, 2020. Pursuant to 39 U.S.C. 505, Jennaca D. Upperman is designated 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. RM2020-6 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 One), filed February 28, 2020.

2. Comments by interested persons in this proceeding are due no later than April 2, 2020.

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.

Erica A. Barker,

Secretary.

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