

## SUBCHAPTER F—PERIODIC REPORTING, ACCOUNTING PRACTICES, AND TAX RULES

### PART 3050—PERIODIC REPORTING

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#### § 3050.1 Definitions applicable to this part.

(a) *Accepted analytical principle* refers to an analytical principle that was applied by the Commission in its most recent Annual Compliance Determination unless a different analytical principle subsequently was accepted by the Commission in a final rule.

(b) *Accepted quantification technique* refers to a quantification technique that was applied in the most recent iteration of the periodic report applying that quantification technique or was used to support a new analytical principle adopted in a subsequent rule 3050.11 proceeding.

(c) *Analytical principle* refers to a particular economic, mathematical, or statistical theory, precept, or assumption applied by the Postal Service in producing a periodic report to the Commission.

(d) *Annual Compliance Determination* refers to the report that 39 U.S.C. 3653 requires the Commission to issue each year evaluating the compliance of the Postal Service.

(e) *Annual periodic reports to the Commission* refers to all of the reports that the Postal Service is required to provide to the Commission each year.

(f) *Quantification technique* refers to any data entry or manipulation technique whose validity does not require the acceptance of a particular economic, mathematical, or statistical theory, precept, or assumption. A change in quantification technique should not change the output of the analysis in which it is employed.

(g) *Section 3652 report* refers to the annual compliance report provided by the Postal Service to the Commission pursuant to 39 U.S.C. 3652, but does not include the reports required by 39 U.S.C. 2803 and 2804.

#### § 3050.2 Documentation of periodic reports.

(a) At the time that it submits any periodic report to the Commission, the

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Postal Service shall identify any input data that have changed, list any quantification techniques that it has changed, and list any corrections that it has made since that report was last submitted to and accepted by the Commission. It shall provide a brief narrative explanation of each listed change.

(b) If workpapers are required to support a periodic report, they shall:

(1) Show all calculations employed in producing each estimate;

(2) Be sufficiently detailed to allow all numbers used in such calculations to be traced back to public documents or to primary data sources; and

(3) Be submitted in a form, and be accompanied by sufficient explanation and documentation, to allow them to be replicated using a publicly available PC application.

(c) Spreadsheets used in preparing periodic reports shall be submitted in electronic form. They shall display the formulas used, their links to related spreadsheets, and shall not be password protected.

(d) Filing of portions of the documentation required by paragraphs (b) and (c) of this section that are not time critical may be delayed up to 2 weeks if the Postal Service obtains permission from the Commission to defer filing of such portions at least 30 days prior to the date on which the periodic report is due.

### **§ 3050.3 Access to information supporting Commission reports or evaluations.**

(a) The Commission shall have access to material if, in its judgment, the information supports any report, assessment, or evaluation required by title 39 of the United States Code, including:

(1) The working papers and supporting matter of the Postal Service or the Postal Service Inspector General in connection with any information submitted under 39 U.S.C. 3652; and

(2) Information that supports the Commission's annual assessment under 39 U.S.C. 3651.

(b) [Reserved]

### **§ 3050.10 Analytical principles to be applied in the Postal Service's annual periodic reports to the Commission.**

In its annual periodic reports to the Commission, the Postal Service shall use only accepted analytical principles. With respect to its submissions under § 3050.26, however, the Postal Service may elect to use an analytical principle prior to its acceptance by the Commission.

### **§ 3050.11 Proposals to change an accepted analytical principle applied in the Postal Service's annual periodic reports to the Commission.**

(a) To improve the quality, accuracy, or completeness of the data or analysis of data contained in the Postal Service's annual periodic reports to the Commission, the Commission, acting on its own behalf, may issue a notice of proceeding to change an accepted analytical principle. In addition, any interested person, including the Postal Service or a public representative, may submit a petition to the Commission to initiate such a proceeding.

(b) *Form and content of notice or petition.* The notice of proceeding or petition shall identify the accepted analytical principle proposed for review, explain its perceived deficiencies, and suggest how those deficiencies should be remedied.

(1) If the notice of proceeding or petition proposes that a specific alternative analytical principle be followed, it should include the data, analysis, and documentation on which the proposal is based, and, where feasible, include an estimate of the impact of the proposed change on the relevant characteristics of affected postal products, including their attributable cost, avoided cost, average revenue, or service attainment.

(2) If the petitioner requests access to data from the Postal Service to support the assertions or conclusions in its petition, and such data are not otherwise available, it shall accompany the petition with a request to gain access to such data. The petitioner's request should identify the data sought, and include the reasons for believing that the data will support its petition. To expedite its evaluation of the data

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request, the Commission may, after reasonable public notice, order that answers or objections be presented orally or in writing.

(c) *Procedures for processing a notice or petition.* To better evaluate a notice or petition to change an accepted analytical principle, the Commission may order that it be made the subject of discovery. By request of any interested person, or on its own behalf, the Commission may order that the petitioner and/or the Postal Service provide experts on the subject matter of the proposal to participate in technical conferences, prepare statements clarifying or supplementing their views, or answer questions posed by the Commission or its representatives.

(d) *Action on the notice or petition.* (1) After the conclusion of discovery procedures, if any, the Commission shall determine whether to issue a notice of proposed rulemaking based on the petition and the supporting material received. Such notice shall be evaluated by procedures that are consistent with 5 U.S.C. 553. Interested parties will be afforded an opportunity to present written comments and reply comments, and, if the Commission so orders, to present oral comments as well.

(2) If accepted by the Commission, the change proposed in the notice of proposed rulemaking shall be published in a final rule in the FEDERAL REGISTER and on the Commission's website.

[74 FR 20850, May 5, 2009, as amended at 85 FR 9660, Feb. 19, 2020]

## § 3050.12 **Obsolescence of special studies relied on to produce the Postal Service's annual periodic reports to the Commission.**

The Postal Service shall provide a list of special studies whose results are used to produce the estimates in its annual periodic reports to the Commission. It shall indicate the date the study was completed and whether the study reflects current operating conditions and procedures. The Postal Service shall update the list annually.

## § 3050.13 **Additional documentation required in the Postal Service's section 3652 report.**

At the time the Postal Service files its section 3652 report, it shall include

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a brief narrative explanation of any changes to accepted analytical principles that have been made since the most recent Annual Compliance Determination was issued and the reasons that those changes were accepted.

## § 3050.14 **Format of the Postal Service's section 3652 report.**

The Postal Service's Cost and Revenue Analysis (CRA) report shall be presented in a format reflecting the classification structure in the Mail Classification Schedule.

[79 FR 24336, Apr. 30, 2014]

## § 3050.20 **Compliance and other analyses in the Postal Service's section 3652 report.**

(a) The Postal Service's section 3652 report shall include an analysis of the information that it contains in sufficient detail to demonstrate the degree to which, in the fiscal year covered by its report, each of its products (market dominant and competitive) comply with all of the applicable provisions of title 39 of the United States Code and the regulations promulgated thereunder, and promote the public policy objectives set out in title 39 of the United States Code.

(b) Its analysis shall be applied to products individually, and, where appropriate, to products collectively.

(c) It shall address such matters as non-compensatory rates and failures to achieve stated goals for on-time delivery standards. A more detailed analysis is required when the Commission observed and commented upon the same matter in its Annual Compliance Determination for the previous fiscal year.

[74 FR 20850, May 5, 2009, as amended at 85 FR 81139, Dec. 15, 2020]

## § 3050.21 **Content of the Postal Service's section 3652 report.**

(a) No later than 90 days after the close of each fiscal year, the Postal Service shall submit a report to the Commission analyzing its cost, volume, revenue, rate, and service information in sufficient detail to demonstrate that all products during such year comply with all applicable provisions of title 39 of the United States Code. The report

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shall provide the items in paragraphs (b) through (o) of this section.

(b) The volume and revenue generated by each product;

(c) The attributable costs of, and the contribution to institutional costs made by, each product;

(d) The quality of service received by each market dominant product, including the speed of delivery and the reliability of delivery;

(e) For each market dominant workshare discount offered during the reporting year:

(1) The per-item cost avoided by the Postal Service by virtue of such discount;

(2) The percentage of such per-item cost avoided that the per-item workshare discount represents;

(3) The per-item contribution made to institutional costs;

(4) The factual and analytical bases for any claim that one or more of the exception provisions of 39 U.S.C. 3622(e)(2)(A) through (e)(2)(D) or 39 U.S.C. 3622(e)(3)(A) through (e)(3)(B) apply; and

(5) For each workshare discount that is provided in connection with a subclass of mail, consisting exclusively of mail matter of educational, cultural, scientific, or informational value (39 U.S.C. 3622(e)(2)(C)), exceeded the cost avoided by the Postal Service for not providing the applicable service, and was not set in accordance with at least one specific provision appearing in § 3030.262(b) through (d) of this chapter, the information specified in paragraphs (e)(5)(i) through (iii) of this section:

(i) The number of mail owners receiving the workshare discount;

(ii) The number of mail owners for the applicable product or products; and

(iii) An explanation of how the workshare discount promotes the public interest, even though the workshare discount substantially exceeds the cost avoided by the Postal Service;

(f) For each market dominant negotiated service agreement:

(1) Identify its rates and service features;

(2) Estimate its costs, volumes, and revenues;

(3) Analyze its effect on the operational performance of the Postal Service, specifying the affected oper-

ations and, to the extent possible, quantifying the effect;

(4) Analyze the contribution of the agreement to institutional costs for its most recent year of operation. The year analyzed shall end on the anniversary of the negotiated service agreement that falls within the fiscal year covered by the Postal Service's annual periodic reports to the Commission and include the 12 preceding months. The analysis shall show all calculations and fully identify all inputs. Inputs used to estimate the effect on total contribution to the Postal Service, such as unit costs and price elasticities, shall be updated using fiscal year values;

(5) Analyze the effect of the negotiated service agreement (and other functionally equivalent negotiated service agreements) on the marketplace. If there were harmful effects, explain why those effects were not unreasonable; and

(6) Provide financial or other supporting documentation that demonstrates that non-compensatory market dominant negotiated service agreements improve the net financial position of the Postal Service over default rates or enhance the performance of mail preparation, processing, transportation, or other functions.

(g) For each competitive negotiated service agreement:

(1) Identify its rates and service features; and

(2) Estimate its costs, volumes, and revenues.

(h) For market tests of experimental products:

(1) Estimate their costs, volumes, and revenues individually, and in aggregate, by market dominant and by competitive product group;

(2) Estimate the quality of service of each individual experimental product; and

(3) Indicate whether offering the experimental product has created an inappropriate competitive advantage for the Postal Service or any mailer.

(i) For each nonpostal service, estimate its costs, volumes, and revenues; and

(j) For all market dominant and competitive products:

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(1) Provide a distribution breakdown of fee revenues, including all underlying calculations and source workpapers; and

(2) Provide any third-party service performance results upon which any financial penalty or bonus is determined, and identify the amount of any forfeited revenue;

(k) Provide all total workhour data and data sources showing workhour measurements by Labor Distribution Code;

(l) For the Inbound Letter Post product, provide revenue, volume, attributable cost, and contribution data by Universal Postal Union country group and by shape for the fiscal year subject to review and each of the preceding 4 fiscal years;

(m) Input data and calculations used to produce the annual Total Factor Productivity estimates;

(n) Copies of notifications to the Postal Service by the Office of Personnel Management (OPM) of annual determinations of the funding amounts specific to payments at the end of each fiscal year computed under 5 U.S.C. 8909a(d)(2)(B) and 5 U.S.C. 8909a(d)(3)(B)(ii); 5 U.S.C. 8348(h)(2)(B) and 5 U.S.C. 8423(b)(3)(B); 5 U.S.C. 8423(b)(1)(B) and 5 U.S.C. 8423(b)(2); and

(o) Provide any other information that the Postal Service believes will help the Commission evaluate the Postal Service's compliance with the applicable provisions of title 39 of the United States Code.

[74 FR 20850, May 5, 2009, as amended at 83 FR 49293, Oct. 1, 2018; 85 FR 81139, Dec. 15, 2020]

**§ 3050.22 Documentation supporting attributable cost estimates in the Postal Service's section 3652 report.**

(a) The items in paragraphs (b) through (p) of this section shall be reported when they have changed from those used in the most recent Annual Compliance Determination.

(b) The CRA report, including relevant data on international mail services;

(c) The Cost Segments and Components (CSC) report;

(d) All input data and processing programs used to produce the CRA report, to include:

(1) CSC Reconciliation to Financial Statement and Account Reallocations;

(2) Manual Input Requirement (reflecting direct accounting or modeled costs);

(3) The CSC "A" report (showing how indirect costs are distributed to products based on the distribution of direct costs);

(4) The CSC "B" report (showing how indirect Property Equipment Supplies and Administrative (PESSA) costs are distributed to products);

(5) The CSC "D" report (showing final adjustments to total attributable and product-specific costs);

(6) The CSC "F" report (containing distribution keys for indirect labor components);

(7) The control file that includes the CRA program control string commands used to produce the CRA and the above-described CSC reports; and

(8) The master list of cost segment components, including all of the components used as distribution keys in the development of the CSC report and its accompanying reports.

(e) Spreadsheet workpapers underlying development of the CSC report by component. These workpapers shall include the updated factors and input data sets from the supporting data systems used, including:

(1) The In-Office Cost System (IOCS);

(2) The Management Operating Data System (MODS);

(3) The City Carrier Cost System (CCCS);

(4) The City Carrier Street Time Sampling System (CCSTS);

(5) The Rural Carrier Cost System (RCCS);

(6) The National Mail Count;

(7) The Transportation Cost System (TRACS);

(8) System for International Revenues and Volumes/Outbound (SIRV/O);

(9) System for International Revenues and Volumes/Inbound (SIRV/I);

(10) Military and International Dispatch and Accountability System; and

(11) Inbound International Revenue Accounting Systems (IAB data).

(f) The econometric analysis of carrier street time, including input data, processing programs, and output;

(g) The Window Service Supply Side Variability, Demand Side Variability,

and Network Variability studies, including input data, processing programs, and output;

(h) The econometric analysis of purchased highway transportation cost variability, including input data, processing programs, and output;

(i) The econometric analysis of freight rail cost variability, including input data, processing programs, and output;

(j) A list and summary description of any transportation contracts whose unit rates vary according to the level of postal volume carried. The description should include the product or product groups carried under each listed contract;

(k) Spreadsheets and processing programs distributing attributable mail processing costs;

(l) The Vehicle Service Driver Data Collection System;

(m) Input data, processing programs, and output of the Vehicle Service Driver Cost Variability Study;

(n) Econometric analysis of postmaster cost variability;

(o) Floor Space Survey; and

(p) Density studies used to convert weight to cubic feet of mail.

**§ 3050.23 Documentation supporting incremental cost estimates in the Postal Service's section 3652 report.**

Input data, processing programs, and output of an incremental cost model shall be reported.

**§ 3050.24 Documentation supporting estimates of costs avoided by worksharing and other mail characteristics in the Postal Service's section 3652 report.**

(a) The items in paragraphs (b) through (l) of this section shall be reported, including supporting calculations and derivations.

(b) Letter, card, flat, parcel and non-flat machinable mail processing cost models with Delivery Point Sequence percentages calculated, which shall include:

(1) Coverage factors for any equipment where coverage is less than 100 percent;

(2) MODS productivities;

(3) Piggyback factors and supporting data;

(4) Entry profiles, bundle sorts, and pieces per bundle;

(5) Bundle breakage, handlings, and density;

(6) Mail flow density and accept rates;

(7) Remote Computer Reader finalization costs, cost per image, and Remote Bar Code Sorter leakage;

(8) Percentage of mail finalized to carrier route;

(9) Percentage of mail destinating at post office boxes; and

(10) Wage rates and premium pay factors.

(c) Pallet cost models for Periodicals;

(d) Sack cost models for Periodicals;

(e) Bundle cost models for Periodicals;

(f) Other container cost models for Periodicals;

(g) Analysis of Periodicals container costs;

(h) Business Reply Mail cost supporting material;

(i) Mail processing units costs for Carrier Route, High Density, and Saturation mail;

(j) Mail processing unit costs by shape and cost pool for each product and benchmark category;

(k) Delivery costs by product, shape, presort level, automation compatibility, and machinability, including Detached Address Label cost calculations; and

(l) Dropship cost avoidance models.

**§ 3050.25 Volume and revenue data.**

(a) The items in paragraphs (b) through (e) of this section shall be provided.

(b) The Revenue, Pieces, and Weight (RPW) report, including estimates by shape, weight, and indicia, and the underlying billing determinants, broken out by quarter, within 90 days of the close of each fiscal year;

(c) Revenue, pieces, and weight by rate category and special service by quarter, within 40 days of the close of Quarters 1, 2, and 3 of the fiscal year and 60 days after Quarter 4, but no later than the filing of reports filed pursuant to section 3050.40(a) or 3050.40(b);

(d) Quarterly Statistics Report, including estimates by shape, weight, and indicia, within 40 days of the close

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of Quarters 1, 2, and 3 of the fiscal year and 60 days after Quarter 4 but no later than the filing of reports filed pursuant to section 3050.40(a) or 3050.40(b); and

(e) Billing determinants within 60 days of the close of Quarters 1, 2, and 3 of the fiscal year and 90 days after Quarter 4.

[74 FR 20850, May 5, 2009, as amended at 83 FR 49293, Oct. 1, 2018]

**§ 3050.26 Documentation of demand elasticities and volume forecasts.**

By January 20 of each year, the Postal Service shall provide econometric estimates of demand elasticity for all postal products accompanied by the underlying econometric models and the input data sets used; and a volume forecast for the current fiscal year, and the underlying volume forecasting model.

**§ 3050.27 Workers' Compensation Report.**

The Workers' Compensation Report, including summary workpapers, shall be provided by March 1 of each year.

**§ 3050.28 Monthly and pay period reports.**

(a) The reports in paragraphs (b) through (f) of this section shall be provided within 15 days of the close of the relevant period or as otherwise stated.

(b) Monthly Summary Financial Report on the 24th day of the following month, except that the reports for the last months of Quarters 1, 2, and 3 of the fiscal year shall be provided at the time that the Form 10-Q report is provided and the report for the last month of Quarter 4 of the fiscal year shall be provided at the time that the Form 10-K report is provided;

(1) The report shall follow the formats as shown below.

**TABLE 1—USPS MONTHLY FINANCIAL STATEMENT**  
**MONTH, FISCAL YEAR**  
 [\$ millions]

	Current Period					Year-to-Date				
	Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
Revenue:										
Operating Revenue										
Other Revenue										
Total Revenue										
Operating Expenses										
Personnel Compensation and Benefits										
Transportation										
Supplies and Services										
Other Services										
Total Operating Expenses										
Net Operating Income										
Interest Income										
Interest Expense										
Total Net Income										
Other Operating Statistics										
Mail Volume (Millions)										
Total Market Dominant Volumes										
Total Competitive Product Volumes										
Total Mail Volumes										
Total Workhours (Millions)										
Total Career Employees										
Total Non-Career Employees										

TABLE 2—MAIL VOLUME AND MAIL REVENUE  
MONTH, FISCAL YEAR  
[Thousands]

	Current Period			Year-to-Date		
	Actual	SPLY	% SPLY Var	Actual	SPLY	% SPLY Var
Market Dominant Products:						
First Class:						
Volume						
Revenue						
Periodicals:						
Volume						
Revenue						
USPS Marketing Mail:						
Volume						
Revenue						
Package Services:						
Volume						
Revenue						
All Other Market Dominant Mail:						
Volume						
Revenue						
Total Market Dominant Products:						
Volume						
Revenue						
Total Competitive Products						
Volume						
Revenue						
Total Operating Revenue:						
Total Volume						



Table 3—USPS Expenses  
 Month, Fiscal Year  
 [\$ millions]

	Current Period					Year-to-Date				
	Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
Personnel Expenses:										
Salaries and Benefits:										
City Delivery										
Mail Processing										
Customer Services and Retail										
Rural Delivery										
Other, including Plant and Vehicle Maintenance										
Operational Support, Postmasters, and Administration										
Total Salaries and Benefits										
Other Personnel Related Expenses:										
Retiree Health Benefits										
Workers' Compensation										
All Other Personnel Related Expenses										
Total Other Personnel Related Expenses										
Total Personnel Compensation and Benefits										
Non-Personnel Expenses:										
Transportation										
Supplies and Services										
Depreciation and Amortization										
Rent and Utilities										
Vehicle Maintenance Service										
Information Technology										
Rural Carrier Equipment Maintenance										
Other Non-Personnel Expenses										
Total Non-Personnel Expenses										
Total Operating Expenses										
Interest Expense										
Total Expenses										

Table 4—USPS Workhours  
 Month, Fiscal Year  
 [data in thousands]

	Current Period					Year-to-Date				
	Actual	Plan	SPLY	% Plan Var	% SPLY Var	Actual	Plan	SPLY	% Plan Var	% SPLY Var
Workhours:										
City Delivery										
Mail Processing										
Mail Processing										
Customer Services and Retail										
Rural Delivery										
Other, including Plant and Vehicle Maintenance, Operational Support, Postmasters, and Administration										
Total Workhours										
Overtime Ratio per 100 Workhours										

(2) [Reserved]

(c) National Consolidated Trial Balances and the Revenue and Expense

Summary on the 24th day of the following month, except that the reports for the last month of Quarters 1, 2, and

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3 of the fiscal year shall be provided at the time that the Form 10-Q report is provided and the report for the last month of Quarter 4 of the fiscal year shall be provided at the time that the Form 10-K report is provided;

(d) National Payroll Hours Summary in electronic form (pay period);

(e) On-roll and Paid Employee Statistics (ORPES) (pay period); and

(f) Postal Service Active Employee Statistical Summary (HAT report) (pay period).

[74 FR 20850, May 5, 2009, as amended at 83 FR 49294, Oct. 1, 2018]

### § 3050.30 Information needed to estimate the cost of the universal service obligation. [Reserved]

### § 3050.35 Financial reports.

(a) The reports in paragraphs (b) through (d) of this section shall be provided annually at the time indicated.

(b) Annual Report of the Postmaster General (when released to the public);

(c) Congressional Budget Submission and supporting workpapers, including Summary Tables SE 1, 2, and 6 (within 7 days of the submission of the Federal Budget by the President to the Congress); and

(d) Integrated Financial Plan (within 7 days of approval by the Board of Governors).

### § 3050.40 Additional financial reporting.

(a) *In general.* The Postal Service shall file with the Commission:

(1) Within 40 days after the end of each fiscal quarter, a quarterly report containing the information required by the Securities and Exchange Commission to be included in quarterly reports under sections 13 and 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)) on Form 10-Q, as such form (or any successor form) may be revised from time to time;

(2) Within 60 days after the end of each fiscal year, an annual report containing the information required by the Securities and Exchange Commission to be included in annual reports under such sections on Form 10-K, as such form (or any successor form) may be revised from time to time; and

(3) Periodic reports within the time frame and containing the information prescribed in Form 8-K of the Securities and Exchange Commission, as such form (or any successor form) may be revised from time to time.

(b) *Internal control report.* For purposes of defining the reports required by paragraph (a)(2) of this section, the Postal Service shall comply with the rules prescribed by the Securities and Exchange Commission implementing section 404 of the Sarbanes-Oxley Act of 2002 (15 U.S.C. 7262), beginning with the annual report for fiscal year 2010.

(c) *Financial reporting.* The reports required by paragraph (a)(2) of this section shall include, with respect to the Postal Service's pension and post-retirement health obligations:

(1) The funded status of the Postal Service's pension and post-retirement health obligations;

(2) Components of the net change in the fund balances and obligations and the nature and cause of any significant changes;

(3) Components of net periodic costs;

(4) Cost methods and assumptions underlying the relevant actuarial valuations;

(5) The effect of a 1 percentage point increase in the assumed health care cost trend rate for each future year on the service and interest costs components of net periodic post-retirement health cost and the accumulated obligation;

(6) Actual contributions to and payments from the funds for the years presented and the estimated future contributions and payments for each of the following 5 years;

(7) The composition of plan assets reflected in the fund balances; and

(8) The assumed rate of return on fund balances and the actual rates of return for the years presented.

(d) *Time of filing.* Within 5 business days of receiving the data listed under paragraph (c) of this section from the Office of Personnel Management, the Postal Service shall provide two copies of that data to the Commission.

(e) *Segment reporting.*

(1) Beginning with reports for fiscal year 2010, for purposes of the reports required under paragraphs (a)(1) and (2)

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of this section, the Postal Service shall include segment reporting.

(2) The Postal Service shall determine the appropriate segment reporting under paragraph (e)(1) of this section after consultation with the Commission.

#### § 3050.41 Treatment of additional financial reports.

(a) For purposes of the reports required by § 3050.40(a)(2), the Postal Service shall obtain an opinion from an independent auditor on whether the information listed in § 3050.40(c) is fairly stated in all material respects, either in relation to the basic financial statements as a whole or on a stand-alone basis.

(b) *Supporting matter.* The Commission shall have access to the audit documentation and any other supporting matter of the Postal Service and its independent auditor in connection with any information submitted under § 3050.40.

#### § 3050.42 Proceedings to improve the quality of financial data.

The Commission may, on its own motion or on request of an interested party, initiate proceedings to improve the quality, accuracy, or completeness of Postal Service data required under § 3050.40 whenever it shall appear that the data have become significantly inaccurate or can be significantly improved; or those revisions are, in the judgment of the Commission, otherwise necessitated by the public interest.

#### § 3050.43 Information on program performance.

(a) The Postal Service shall provide the items in paragraphs (b)(1) through (3) of this section at the same time that the President submits an annual budget to Congress:

(b)(1) The comprehensive statement required by 39 U.S.C. 2401(e);

(2) The performance plan required by 39 U.S.C. 2803; and

(3) The program performance reports required by 39 U.S.C. 2804.

(c) Section 3050.10 does not apply to the reports referenced in this section.

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#### § 3050.50 Information pertaining to cost and service for flat-shaped mail.

(a) The reports in paragraphs (b) through (f) of this section shall be filed with the Commission at the times indicated.

(b) Within 95 days after the end of each fiscal year, the Postal Service shall file a financial report that analyzes data from the fiscal year for all mail products that consist of more than 80 percent flat-shaped mail. At a minimum, the report shall include:

(1) Volume and shape workpapers that identify products that contain more than 80 percent flat-shaped mail (flat-shaped products).

(2) Unit attributable cost workpapers for each flat-shaped product that is disaggregated into the following cost categories: Mail processing unit cost, delivery unit cost, vehicle service driver unit cost, purchased transportation unit cost, window service unit cost, and other unit cost.

(3) A narrative that explains the methodology used to calculate the unit attributable cost categories described in paragraph (b)(2) of this section.

(4) A narrative supported by workpapers that identifies flat-shaped products for which the percentage change in average unit attributable cost was greater than the percentage change in total market dominant average unit attributable cost for the same fiscal year. The narrative must include identification of cost categories that are driving above average change in unit attributable cost for flat-shaped product and a specific plan to reduce unit attributable cost for the identified flat-shaped product.

(5) An analysis of volume trends, and mail mix changes for flat-shaped products from FY 2013 to present, which includes, at a minimum, a comparison of:

(i) The aggregate unit attributable costs for combined flat-shaped products for each fiscal year,

(ii) The calculated estimate of aggregate unit attributable costs for combined flat-shaped products for each fiscal year, using FY 2013 fiscal year's volume distribution,

(iii) A narrative that identifies drivers of changes in volume trends and mail mix, and

(iv) A narrative that explains the methodology used to calculate the estimated unit attributable cost described in paragraph (b)(5)(ii) of this section.

(6) An analysis of the Flat Sequencing System (FSS), which includes, at a minimum, the percent of flat-shaped mail destined in a FSS zone that were not finalized on FSS equipment, the cost of processing flat-shaped mail on the FSS, and the delivery point sequence (DPS) percentage of FSS mail. In addition, a narrative that identifies drivers of changes in the results of the analysis between fiscal years.

(7) A manual processing analysis, which includes, at a minimum, the cost of manually processing flat-shaped mail, the percent of flat-shaped mail that was manually processed, and the percent of flat-shaped mail that was entered at automation prices. In addition, a narrative that identifies drivers of changes in the results of the analysis between fiscal years.

(8) An estimate, with supporting workpapers, of the cost impact of bundle processing on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of bundle processing on flat-shaped products.

(9) An estimate, with supporting workpapers, of the cost impact of low productivity on automated equipment on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of low productivity on automated equipment on flat-shaped products.

(10) An estimate, with supporting workpapers, of the cost impact of manual processing on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of manual processing on flat-shaped products.

(11) An estimate, with supporting workpapers, of the cost impact of allied operations on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of allied operations on flat-shaped products.

(12) An estimate, with supporting workpapers, of the cost impact of transportation on flat-shaped products for the fiscal year. If no estimate is

available, provide a timeline to estimate the cost impact of transportation on flat-shaped products.

(13) An estimate, with supporting workpapers, of the cost impact of last mile/delivery on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the cost impact of last mile/delivery on flat-shaped products.

(c) Within 95 days after the end of each fiscal year, the Postal Service shall file a service report that analyzes data from the fiscal year for all mail products that consist of more than 80 percent flat-shaped mail. At a minimum, the analysis must include:

(1) Service performance scores for all flat-shaped products.

(2) An estimate, with supporting workpapers, of the service impact of bundle processing on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of bundle processing on flat-shaped products.

(3) An estimate, with supporting workpapers, of the service impact of low productivity on automated equipment on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of low productivity on automated equipment on flat-shaped products.

(4) An estimate, with supporting workpapers, of the service impact of manual processing on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of manual processing on flat-shaped products.

(5) An estimate, with supporting workpapers, of the service impact of allied operations on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of allied operations on flat-shaped products.

(6) An estimate, with supporting workpapers, of the service impact of transportation on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of transportation on flat-shaped products.

(7) An estimate, with supporting workpapers, of the service impact of

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last mile/delivery on flat-shaped products for the fiscal year. If no estimate is available, provide a timeline to estimate the service impact of last mile/delivery on flat-shaped products.

(d) Within 95 days after the end of each fiscal year, the Postal Service shall file an analysis of costs by operationally relevant grouping from FY 2013 to present.

(1) The report shall utilize fiscal year data filed in accordance with §3050.22, and §3050.28(c) and (d) and any other data necessary to complete the analysis.

(2) The report shall also include a narrative that explains the methodology used to calculate costs by operationally relevant grouping.

(e) Within 95 days after the end of each fiscal year, the Postal Service shall file the following reports that include data by both quarter and fiscal year, as well as at the national level and at the facility level unless otherwise specified. The reports shall include, at a minimum, five years of quarterly historical fiscal year data covering the reporting year and the previous four fiscal years.

(1) Bundle Breakage Visibility Reports which include, at a minimum, number of bundles processed, number of bundles processed by class, product, facility, and machine type, number of broken bundles; and number of broken bundles by class, product, facility, and machine type.

(2) Mail Processing Variance Reports, which include, at a minimum, for each machine type that process flat-shaped mail: Category, plant/facility, volume, actual workhours, earned workhours (target hours), productivity, variance, and percent achieved, and target productivities, including narrative that explains methodology used to develop target.

(3) eFlash Report, which includes, at a minimum manual letter and flats volume, manual letter and flats workhours, manual letter and flats cost analysis, manual letter and flats handling time, and manual letter and flats handling cost per piece.

(4) Work in Process metrics, which include, at a minimum, measurement of: unload scan to bundle sorter scan, unload scan to tray mechanization

scan, bundle sorter scan to mail processing equipment piece scan, tray mechanization scan to next automation scan, and unload scan to first automation scan.

(5) First-Class Mail Root Cause Point Impact Report, which includes, at a minimum, root cause, shape, service standard, point impact, rank, results attributed to air transit Automated Area Distribution Center (AADC)/Area Distribution Center (ADC) processing delays, and results attributed to surface transit AADC/ADC processing delays.

(6) SVWeb Report, which includes, at a minimum, on-time departure percentage, on-time arrival percentage, space utilization type by container type, average load percentage, total number of late containers, misrouted containers based on unload scans at unexpected site, National Performance Assessment (NPA) goals, goal achievement, the total score for six required scans, trips on time, space utilization targets, and comparison of fiscal year space utilization to targets.

(7) Last Mile Impact Report, which includes, at a minimum, overall on-time score, on-time score at last processing, and last mile impact for all flat-shaped products at each service standard.

(8) For each report listed in paragraphs (e)(1) through (7) of this section, the Postal Service shall provide a narrative that describes any changes made to underlying data systems during the fiscal year that impact the methodology used to produce the report.

(9) For each report listed in paragraphs (e)(1) through (7) of this section, the Postal Service shall provide a narrative that discusses trends, changes, and reasons for any changes in data within the report.

(10) If any of the reports listed in paragraphs (e)(1) through (7) of this section no longer exist by that name in any year, the Postal Service must provide the closest successor to that report to provide the required information. The Postal Service must identify all differences between the original report and the successor report, and provide a narrative that explains the impact of using the successor report opposed to the original report.

(f) Within 95 days after the end of each fiscal year, the Postal Service shall file a report that identifies all national operational changes and/or initiatives that occurred during the fiscal year related to flat-shaped mail and all planned national operational changes and/or initiatives for the next fiscal year related to flat-shaped mail. The operational changes and/or initiatives should impact operations related to flat-shaped mail, impact the cost of flat-shaped mail, and/or impact the service of flat-shaped mail.

(1) The report shall identify data from paragraphs (b), (c), (d), and/or (e) of this section that will be impacted by each operational change/initiative.

(2) The report shall also include an estimate, with supporting workpapers, of the impact of each operational change/initiative on the data selected in paragraph (f)(1) of this section.

(g) Within 95 days after the end of each fiscal year, the Postal Service shall file a report that identifies all data enhancements that occurred during the fiscal year related to data systems that affect flat-shaped mail. The data enhancements identified should have an impact on measuring, tracking, and/or reporting on flat-shaped mail cost, operations, and/or service.

[84 FR 20806, May 13, 2019]

**§ 3050.55 Information pertaining to cost reduction initiatives.**

(a) The reports in paragraphs (b) through (f) of this section shall be filed with the Commission at the times indicated in paragraphs (b) through (f).

(b) Within 95 days after the end of each fiscal year, the Postal Service shall file a financial report that analyzes cost data from the fiscal year. For purposes of this paragraph (b), the percentage change shall compare the fiscal year under review to the previous fiscal year. At a minimum, the report shall include:

(1) For all market dominant mail, the percentage change in total unit attributable cost;

(2) For each market dominant mail product, the percentage change in unit attributable cost;

(3) For the system as a whole, total average cost per piece, which includes all Postal Service competitive and

market dominant attributable costs and institutional costs;

(4) The percentage change in total average cost per piece;

(5) Market dominant unit attributable cost by product;

(6) If the percentage change in unit attributable cost for a market dominant mail product is more than 0.0 percent and exceeds the percentage change in total market dominant mail unit attributable cost, then the following information shall be provided:

(i) Unit attributable cost workpapers for the product disaggregated into the following cost categories: mail processing unit cost, delivery unit cost, vehicle service driver unit cost, purchased transportation unit cost, window service unit cost, and other unit cost;

(ii) A narrative that identifies cost categories that are driving above average increases in unit attributable cost for the product and explains the reason for the above-average increase; and

(iii) A specific plan to reduce unit attributable cost for the product; and

(7) An analysis of volume trends and mail mix changes for each market dominant mail product from fiscal year 2017 through the end of the fiscal year under review, which shall include at a minimum:

(i) A comparison of actual unit attributable costs and estimated unit attributable costs for each market dominant mail product, using the volume distribution from fiscal year 2017;

(ii) A narrative that identifies the drivers of change in volume trends and the mail mix; and

(iii) A narrative that explains the methodology used to calculate the estimated unit attributable costs as required by paragraph (b)(7)(i) of this section.

(c) Within 95 days after the end of each fiscal year, the Postal Service shall file a report with analysis of each planned cost reduction initiative that is expected to require Postal Service total expenditures of \$5 million or more over the duration of the initiative. At a minimum, the report shall include:

(1) A narrative that describes each cost reduction initiative planned for

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future fiscal years, including the status, the expected total expenditure, start date, end date, and any intermediate deadlines;

(2) Identification of a metric to measure the impact of each planned cost reduction initiative identified in paragraph (c)(1) of this section, a narrative describing the selected metric, a narrative explaining the reason for selecting that metric, and a schedule approximating the months and fiscal years in which the cost reduction impact is expected to be measureable; and

(3) Estimates of the expected impact of each planned cost reduction initiative, with supporting workpapers, using the metric identified in paragraph (c)(2) of this section, total market dominant mail attributable unit cost, and total unit cost as calculated pursuant to paragraph (b)(3) of this section.

(d) Within 95 days after the end of each fiscal year, the Postal Service shall file a report that describes each active cost reduction initiative during the fiscal year which incurred or is expected to incur Postal Service expenditures of \$5 million or more over the duration of the initiative. At a minimum, the report shall include:

(1) The information described in paragraphs (c)(1) through (3) of this section, based on actual data for the fiscal year, and a specific statement as to whether the initiative actually achieved the expected impact as measured by the selected metric;

(2) An explanation of the trends, changes, or other reasons that caused any variance between the actual information provided under paragraph (d)(1) of this section and the estimated information previously provided under paragraphs (c)(1) through (3) of this section, if applicable;

(3) A description of any mid-implementation adjustments the Postal Service has taken or will take to align the impacts with the schedule; and

(4) Any revisions to the schedule of cost reduction impacts for future fiscal years.

(e) Within 95 days after the end of each fiscal year, the Postal Service shall file a report that summarizes all projects associated with a Decision

Analysis Report for the fiscal year. At a minimum, the report shall include:

(1) A description of each project;

(2) The status of each project;

(3) An estimate of cost savings or additional revenues from each project; and

(4) The return on investment expected from each project.

(f) Within 95 days after the end of each fiscal year, the Postal Service shall file a report that summarizes all planned projects that have an approved Decision Analysis Report for the next fiscal year. At a minimum, the report shall include:

(1) A description of each planned project;

(2) The status of each project;

(3) An estimate of the cost savings or additional revenues expected from each project; and

(4) The return on investment expected from each project.

[85 FR 81140, Dec. 15, 2020]

**§ 3050.60 Miscellaneous reports and documents.**

(a) The reports in paragraphs (b) through (f) of this section shall be provided at the times indicated in paragraphs (b) through (f).

(b) A master list of publications and handbooks, including those related to internal information procedures, data collection forms, and corresponding training handbooks by July 1, 2009, and again when changed;

(c) The items listed in paragraph (b) of this section in electronic form;

(d) Household Diary Study (when completed);

(e) Succinct narrative explanations of how the estimates in the most recent Annual Compliance Determination were calculated and the reasons that particular analytical principles were followed. The narrative explanations shall be comparable in detail to that which had been provided in Library Reference 1 in omnibus rate cases processed under the Postal Reorganization Act (by July 1 of each year); and

(f) An update of the history of changes in postal volumes, revenues, rates, and fees that appears in library references USPS-LR-L-73 through 76 in

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Docket No. R2006-1 (by July 1 of each year).

[74 FR 20850, May 5, 2009, as amended at 83 FR 49295, Oct. 1, 2018; 85 FR 81141, Dec. 15, 2020]

**PART 3055—SERVICE PERFORMANCE AND CUSTOMER SATISFACTION REPORTING**

**Subpart A—Annual Reporting of Service Performance Achievements**

Sec.

- 3055.1 Annual reporting of service performance achievements.
- 3055.2 Contents of the annual report of service performance achievements.
- 3055.3 Reporting exceptions.
- 3055.4 Internal measurement systems.
- 3055.5 Changes to measurement systems, service standards, service goals or reporting methodologies.
- 3055.6 Addition of new market dominant products or changes to existing market dominant products.
- 3055.7 Special study.
- 3055.20 First-Class Mail.
- 3055.21 Standard Mail.
- 3055.22 Periodicals.
- 3055.23 Package Services.
- 3055.24 Special Services.
- 3055.25 Non-postal products. [Reserved]

**Subpart B—Periodic Reporting of Service Performance Achievements**

- 3055.30 Periodic reporting of service performance achievements.
- 3055.31 Contents of the Quarterly Report of service performance achievements.
- 3055.32 Measurement systems using a delivery factor.
- 3055.45 First-Class Mail.
- 3055.50 Standard Mail.
- 3055.55 Periodicals.
- 3055.60 Package Services.
- 3055.65 Special Services.
- 3055.70 Non-postal products. [Reserved]

**Subpart C—Reporting of Customer Satisfaction**

- 3055.90 Reporting of customer satisfaction.
- 3055.91 Consumer access to postal services.
- 3055.92 Customer Experience Measurement Surveys.

AUTHORITY: 39 U.S.C. 503, 3622(a), 3652(d) and (e); 3657(c).

SOURCE: 75 FR 38742, July 6, 2010, unless otherwise noted.

**Subpart A— Annual Reporting of Service Performance Achievements**

**§ 3055.1 Annual reporting of service performance achievements.**

For each market dominant product specified in the Mail Classification Schedule in part 3040, appendix A to subpart A of part 3040 of this chapter, the Postal Service shall file a report as part of the section 3652 report addressing service performance achievements for the preceding fiscal year.

[85 FR 9659, Feb. 19, 2020]

**§ 3055.2 Contents of the annual report of service performance achievements.**

(a) The items in paragraphs (b) through (k) of this section shall be included in the annual report of service performance achievements.

(b) The class or group-specific reporting requirements specified in §§ 3055.20 through 3055.25.

(c) The applicable service standard(s) for each product. If there has been a change to a service standard(s) since the previous report, a description of and reason for the change shall be provided. If there have been no changes to service standard(s) since the previous report, a certification stating this fact shall be provided.

(d) The applicable service goal(s) for each product.

(e) A description of the measurement system for each product, including:

(1) A description of what is being measured;

(2) A description of the system used to obtain each measurement;

(3) A description of the methodology used to develop reported data from measured data;

(4) A description of any changes to the measurement system or data reporting methodology implemented within the reported fiscal year; and

(5) Where proxies are used, a description of and justification for the use of each proxy.

(f) A description of the statistical validity and reliability of the results for each measured product.