

Postal Regulatory  
Commission  
**Strategic and**  
**Operational Plan**  
2008 through 2012





# **Strategic and Operational Plan**

## **2008 through 2012**

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## Chairman's Message

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**M**y fellow Commissioners and I are pleased to present the Postal Regulatory Commission's first Strategic and Operational Plan for Fiscal Years 2008 through 2012. This Strategic and Operational Plan outlines our core Mission and Vision for the next five years, the key Strategic Goals to help us fulfill our Mission and Vision, and the Operational Strategies to meet our time frame. The Plan outlines the strategies and activities that the Postal Regulatory Commission will use to help ensure transparency and accountability of the United States Postal Service and foster a vital and efficient universal mail system.

The Plan incorporates responsibilities established in the Postal Accountability and Enhancement Act (PAEA), Public Law 109-435, which transforms the Postal Rate Commission into the Postal Regulatory Commission (PRC). The PAEA strengthens the authority of the Commission, changes the method of regulatory oversight in many key respects, and provides the Commission with enhanced independent regulatory oversight to achieve accountability, transparency, and efficiency of the operations of the United States Postal Service.

Following enactment of the PAEA, the Commission began exercising its new authority and comprehensive oversight of the U.S. Postal Service with the goal of ensuring transparency, accountability, predictability, and responsiveness. The PAEA gave the Postal Service greater autonomy to set postal rates, while generally limiting average rate increases for market-dominant products to changes in the Consumer Price Index for All Urban Consumers (CPI-U). The law now requires the Commission to complete a review of new rates for compliance with the CPI-U cap within 45 days of filing by the Postal Service. To balance the Postal Service's new authorities to set rates and introduce new services, the PAEA assigns continuing oversight responsibilities to the Commission. The law appropriately equips the Commission with authority to use broad enforcement mechanisms. Oversight includes, but is not limited to, annual determinations of Postal Service compliance with the CPI-U, consideration of complaints, and periodic reports on Commission operations. Enforcement tools include subpoena power, authority to direct the Postal Service to adjust rates or take other remedial actions, and authority to levy

finances in cases of deliberate noncompliance with applicable postal laws.

The Plan is designed to guide the Commission as it implements the key provisions assigned to it under the PAEA. Consequently, this plan emphasizes the operational work the Commission must accomplish through 2012. As the Commission carries out its responsibilities and duties pursuant to the PAEA, we will evaluate our progress and performance on the strategic goals outlined in this Plan and make appropriate modifications, as needed, as new challenges arise to further advance the Commission's mission.

In developing our Strategic Plan, I would like to thank Commissioners Acton, Goldway, and Hammond, as well as former Commissioner Tisdale, the senior leadership team, and Commission staff. Their hard work and assistance were instrumental in creating this plan to guide us through our years of foundational work as we serve the American public.

## About the Postal Regulatory Commission

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**T**he Commission is an independent agency that has exercised regulatory oversight over the Postal Service since its creation by the Postal Reorganization Act of 1970.

Initially, this oversight consisted primarily of conducting public, on-the-record hearings concerning proposed rate changes, mail classification or major service changes, and recommending decisions for action by the postal Governors.

The Postal Accountability and Enhancement Act (PAEA), enacted on December 20, 2006, significantly strengthens the Commission's authority to serve as a counterbalance to new flexibility granted to the Postal Service in setting postal rates. The PAEA requires the Commission to develop and maintain regulations for a modern system of rate regulation, consult with the Postal Service on delivery service standards and performance measures, consult with the Department of State on international postal policies, prevent cross-subsidization or other anticompetitive postal practices, promote transparency and accountability, and adjudicate complaints.



The PAEA also assigns new and continuing oversight responsibilities to the Commission, including annual determinations of Postal Service compliance with applicable laws, development of accounting practices and procedures for the Postal Service, review of the Universal Service Obligation, and assurance of transparency through periodic reports. New enforcement tools include subpoena power, authority to direct the Postal Service to adjust rates and to take other remedial actions, and levying fines in cases of deliberate noncompliance with applicable postal laws.

The Commission is composed of five Commissioners, each of whom is appointed by the President, with the advice and by consent of the U.S. Senate, for a term of six years. The Chairman is designated by the President and serves as the head of the agency. A Commissioner may continue to serve after the expiration of his or her term for up to one year. No more than three members of the Commission may be from the same political party.

Assisting the Commission is a staff with expertise in law, economics, finance, statistics, and cost accounting. The Commission is organized into four operational offices:

- ◆ Accountability and Compliance;
- ◆ General Counsel;
- ◆ Public Affairs and Government Relations; and
- ◆ Secretary and Administration.

The Commission maintains an independent office for its Inspector General.

See Appendix B for the Commission's organizational structure.

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# Mission

*Ensure transparency and accountability of the United States Postal Service and foster a vital and efficient universal mail system.*

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# Guiding Principles

The Commission is committed to and operates by the principles of:

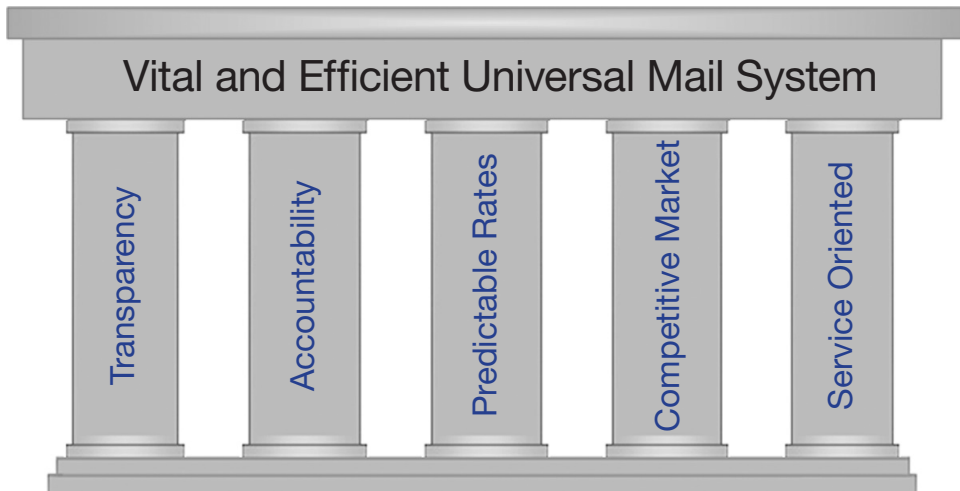
- ◆ Openness;
  - ◆ Stakeholder (public) participation;
  - ◆ Collegiality and multi-disciplinary approaches;
  - ◆ Timely and rigorous analysis;
  - ◆ Fairness and impartiality;
  - ◆ Integrity;
  - ◆ Commitment to excellence; and
  - ◆ Merit.
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# 2012 Vision

**Five Year view for postal system:** The Commission will ensure transparency and accountability of the United States Postal Service and foster a vital and efficient postal system that includes universal service.

In five years time, the Postal Service will have several years of experience operating under a modern rate regulation system. There will be more consistency in postal rates because of a predictable ratemaking process as well as transparency and financial accountability across postal classes. The public will better understand the Postal Service because of enhanced transparency. The Postal Service will be better able to respond to changing market conditions, factors, and concerns as identified in the PAEA. The Postal Service will be a responsive service provider focused on efficiency and effectiveness.



***The role of the Commission in the future of the postal system:***

Over the next five years, the Commission will become a mature regulator exercising statutory and comprehensive oversight of the United States Postal Service. We will promote transparency, accountability, predictability, and responsiveness.

We will achieve these core objectives and inspire the trust of our stakeholders by:

- ◆ Continuing to utilize strong technical expertise to our role as regulator;
- ◆ Maintaining open communication with all stakeholders;
- ◆ Establishing and implementing rigorous methods to assess Postal Service adherence to compliance reviews that focus on objectives and factors of customer service and financial standards;
- ◆ Creating a consistent and proactive reporting mechanism;
- ◆ Operating by our guiding principles; and
- ◆ Achieving our strategic goals.

Over the next five years, the Commission will establish and refine rules, regulations, and procedures to fully meet the intent and spirit of the PAEA. The early years of work will be dedicated to development of the rules, regulations, and procedures to comply with the PAEA and to plan and perform appropriate studies for the U.S. Congress. As these regulations and procedures are employed, they will be assessed and refined in

partnership with stakeholders, moving toward a more streamlined mail system coupled with effective oversight.

The Commission will communicate to the U.S. Congress, and other stakeholders, concerning Commission operations through a series of annual and periodic reports, which includes:

- ◆ Annual Report to the President and the Congress;
- ◆ Annual Compliance Report;
- ◆ Report to President and the Congress on universal postal service and the postal monopoly in the United States;
- ◆ Report on rates (costs) for periodicals; jointly with the Postal Service;
- ◆ Five year review to determine if the institutional cost contribution requirements specified in the rule applicable to competitive products should be retained in its current form, modified, or eliminated (section 3633(a)(3)); and
- ◆ Ten year review of the system for regulating rates and classes for market-dominant products to determine whether the system is achieving objectives of the PAEA.

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# Key Strategic Goals

The Strategic Goals describe the primary focus areas that will enable the Commission to meet its five-year vision. Both internal and external priorities are described.

## **Goal 1 - Modern Rate and Product Regulation**

Establish and maintain a predictable, transparent, and effective system of rate and product regulation.

## **Goal 2 - Service Performance Evaluation**

Ensure appropriate and transparent United States Postal Service performance standards and measurements to promote an efficient, effective and responsive mail service.

## **Goal 3 - Financial Accountability and Compliance**

Ensure transparent, accurate, and informative United States Postal Service data reporting sufficient for evaluation of financial performance.

## **Goal 4 - Complaint Process**

Ensure United States Postal Service accountability through a fair and open public complaint process that provides appropriate and timely resolution.

## **Goal 5 - Public Participation and Government Relations**

Ensure the Commission is visible and readily accessible to all stakeholders.

## **Goal 6 - Human Capital**

Enhance a system that fosters recruitment, development, and retention of a talented and skilled workforce.

## **Goal 7 - Program Integration and Support**

Utilize latest technology, operational systems, and organizational infrastructure in achieving Commission goals.

The remainder of the plan describes the operational strategies to achieve each Strategic Goal.

# Modern Rate and Product Regulation

*Establish and maintain a predictable, transparent, and effective system of rate and product regulation.*

*The Postal Accountability and Enhancement Act of 2006, (PAEA), Public Law 109-435, charges the Commission with establishing, within 18 months of PAEA enactment, a modern system for regulating rates and classes for market-dominant and competitive products. The system will be designed to achieve the objectives of the PAEA, including to:*

- ◆ Maximize incentives to reduce costs and increase efficiency;
- ◆ Create predictability and stability in rates;
- ◆ Maintain high quality service standards;
- ◆ Allow the United States Postal Service pricing flexibility;
- ◆ Ensure adequate revenues, including retained earnings, to maintain financial stability;
- ◆ Reduce the administrative burden and increase the transparency of the ratemaking process;
- ◆ Establish and maintain a just and reasonable schedule for rates and classifications; and

- ◆ Allocate the total institutional costs of the Postal Service appropriately between market-dominant and competitive products.

## **Short-term Operational Strategies**

1. Develop a system for regulating rates for market-dominant and competitive products. Refine and augment the new modern system for regulating rates and classes for market-dominant products, which was established in response to the PAEA in October 2007.
2. Develop a method to examine workshare discounts by June 2008. Establish a method to ensure that workshare discounts do not exceed the cost that the United States Postal Service avoids as a result of the workshare activity, except under certain circumstances as specified in the PAEA.
3. Establish regulations and procedures by June 2008 for the market testing of Postal Service experimental products; establish a process for ascertaining small business concerns; and establish procedures for the appropriate administration of market tests.

4. Refine and augment the October 2007 regulations regarding competitive products. The regulations will prohibit the subsidization of competitive products by market-dominant products; ensure that each competitive product covers its costs attributable; and ensure that all competitive products collectively cover an appropriate share of the institutional costs of the Postal Service.
5. Develop a method to examine Negotiated Service Agreements by June 2008. Establish a method to ensure that such agreements improve net financial position or increase the overall contribution to the institutional costs of the Postal Service; or enhance functional performance; and do not cause unreasonable harm to the market place.
6. Assess and refine the rules, regulations, and systems established and revise as needed over the course of the first year of operation.
7. Develop and submit first annual Report to Congress (section 3651).
8. Conduct first five-year review to determine if the institutional costs contribution requirement, specified in the rules applicable to competitive products, should be retained in its current form, modified, or eliminated.
9. Consider all relevant circumstances, including the prevailing competitive conditions in the market, and the degree to which any costs are uniquely, or disproportionately associated with any competitive products (section 3633 (b)).
3. Annually determine Postal Service compliance.
4. Evaluate Workshare Discounts.
5. Examine Negotiated Service Agreements.
6. Analyze Market Test Information.
7. Regulate Market Tests.
8. Conduct a review every five years to determine if the institutional costs requirement specified in the regulations should be retained in its current form, modified, or eliminated.
9. Ten years after the date of the enactment of PAEA, review the system for regulating rates and classes for market-dominant products to determine if the system is achieving the objectives of the PAEA (section 3622 (d)(3)).

### **Measurement Indicator:**

**NOTE:** Congress directed the Commission to design a new regulatory framework for rate adjustments for market dominant and competitive postal products. Only after a baseline has been established with historical data will the Commission be in a position to determine the functionality of these regulations. The Commission will continue to analyze and receive feedback on the operations of the regulatory framework.

**1.1** Established regulations eight months ahead of statutory requirement Pub. L. 109-435, 120 Stat. 3198.

**1.2** Review of proposed rate change issued within 45 days. Develop baseline data for improving the accuracy, consistency, security, and completeness of the Postal Service's data. The number of database errors, including omissions of relevant data, will measure quality of the data.

**1.3** Conduct focus groups every three years to ascertain satisfaction on the regulations.

### **Ongoing Operational Strategies**

1. Review and evaluate Postal Service Proposals to move products between market-dominant and competitive products.
2. Categorize Postal Service Products.

# Service Performance Evaluation

*Ensure appropriate and transparent United States Postal Service performance standards and measurements to promote an efficient, effective and responsive mail service.*

*The Postal Accountability and Enhancement Act of 2006, (PAEA), Public Law 109-435, requires the Postal Service to establish a set of service standards for market-dominant products within twelve months of the PAEA and in consultation with the Commission. The standards will be designed to achieve the following objectives:*

- ◆ Enhance the value of postal services to both senders and recipients;
- ◆ Preserve regular and effective access to postal services in all communities, including those in rural areas or where post offices are not self-sustaining;
- ◆ Assure Postal Service customers delivery reliability, speed, and frequency consistent with reasonable rates and best business practices; and
- ◆ Provide a system of objective performance measurements for each market-dominant product as a basis for measurement of Postal Service performance.

## **Short-term Operational Strategies**

1. Consult on development of service performance standards for market-dominant products to be adopted by the Postal Service by December 2007. Refine and augment the service performance standards for market-dominant products, which were established in December 2007, in response to the PAEA.
2. Evaluate and approve a system for measuring Postal Service achievement of service standards. Define what to measure and the level of expected performance. Make a determination on the extent to which the Postal Service must use an external measurement
3. system or give permission to use internal measurement systems by December 2007.
4. Consult on development of service performance goals, to be adopted by the Postal Service by June 2008, which achieve the December 2007 service performance standards.

5. Consult with the Postal Service on the development of transportation and processing facilities network plan by June 2008, which strides towards achieving the adopted service-performance goals.
6. Develop an annual review process and develop reporting mechanisms for the annual Compliance Report by June 2008.
7. Develop and submit the first annual Report to Congress (section 3651).

### **Ongoing Operational Strategies**

1. Determine Postal Service compliance annually.
2. Enforce compliance determinations.
3. Review, evaluate, and develop an opinion on Postal Service proposals for changes in the nature of postal services.

### **Measurement Indicator:**

- 2.1** Concluded the initial consultation of modern service standards by December 2007.
- 2.2** Conclude by June 30, 2008, consultation with the Postal Service on a plan to Congress on establishing the performance goals and network realignment.
- 2.3** Evaluate data every six months to identify potential problem areas.
- 2.4** Monitor on a regional basis adherence in achieving the service performance standards.
- 2.5** Conduct user satisfaction surveys to gauge service performance – after the first full year of implementation.
- 2.6** Measure the time necessary to correct a delivery problem.
- 2.7** Measure the cycle time to correct customer problem.



# Financial Accountability and Compliance

*Ensure transparent, accurate, and informative United States Postal Service data reporting sufficient for evaluation of financial performance.*

*The Postal Accountability and Enhancement Act of 2006, (PAEA), Public Law 109-435, requires the expansion of current annual cost, revenue, and volume data requirements to support annual analysis of worksharing discounts and provide greater financial transparency through reporting and analysis of the type required of businesses with stakeholders. This will require an expanded set of rules for the periodic submission of appropriate data to the Commission. The Commission has been given subpoena power to ensure required data are submitted in a timely manner. In turn, the PAEA requires the Commission to issue an annual report based on these data.*

## **Short-term Operational Strategies**

1. Issue updated periodic data reporting rules to be consistent with sections 3652 and 3654 of the PAEA by December 2007. Preserve transparency achieved under the Postal Reorganization Act of 1970 regarding costs, revenue, and volumes which include worksharing. Incorporate Commission decisions on cost attribution and distribution from the Docket No. R2006-1<sup>1</sup> rate case pending modification through rulemaking. Reflect the additional financial and Securities and Exchange Commission (SEC) type reporting requirements.

<sup>1</sup> This is the last rate case under the old regulations.

2. Develop a system for modifying the periodic data-reporting procedures and cost-attribution methods. Issue rules defining procedures for initiating modifications. Apply procedures to outstanding cost issues such as the attribution of City Carrier costs and the PAEA required payments for retiree health and pension benefits. Establish a system for review and modification of all cost segments, components, and cost pools used for attribution and worksharing cost avoidance calculations.
3. Report on Universal Service Obligation costs to determine cost of services that the Post Service would not offer, if not required by law.
4. Review and modify accounting and auditing practices and regulations to be followed by the Postal Service by June 2008. Review recommendations from the Secretary of Treasury; establish rules to specify accounting practices and principles; and specify the annual and periodic data reports that the Postal Service should submit.
5. Obtain appropriate SEC-type reports from the Postal Service by September 2008.
6. Evolve a segment reporting system appropriate for the Postal Service by December 2009. Examine applicability of current CRA categories; consider applicability of the Postal Service list of products; consider SEC criteria.
7. Establish rules for determining the assumed Federal income tax on the Postal Service's competitive products income by September 2008.
8. Begin by June 2008, the yearly process of reviewing steps taken by the Postal Service to become Sarbanes-Oxley (SOX) compliant by 2010.
9. Develop and submit first annual Report to Congress (section 3651).
10. Provide a report to Congress on effectiveness of the PAEA by December 2011.

### **Ongoing Operational Strategies**

1. Determine Postal Service compliance.
2. Report findings through an annual Determination of Compliance report.
3. Enforce compliance determinations.
4. Assess effectiveness of Commission rules and regulations in achieving the objectives and factors of the PAEA and report annually to Congress.
5. Review and evaluate Postal Service financial data.

### **Measurement Indicator:**

- 3.1** Develop accounting regulations for the Postal Service by December 19, 2008.
- 3.2** Evaluate the periodic data-reporting to determine the relevancy of the information. The Commission's Annual Compliance Report will contain an explanation of findings.
- 3.3** Develop baseline data for improving the accuracy, consistency, security, and completeness of the Postal Service's Sarbanes Oxley data. The number of database errors, including omissions of relevant data, will measure quality of the data.

# Complaint Process

*Ensure United States Postal Service accountability through a fair and open public complaint process that provides appropriate and timely resolution.*

*The Commission is committed to developing a fair and impartial process for the resolution of complaints brought against the United States Postal Service concerning its adherence to postal policies as prescribed in the Postal Accountability and Enhancement Act of 2006, (PAEA), Public Law 109-435.*

## **Short-term Operational Strategies**

1. Establish rules for initiating complaints.
2. Develop procedures for a formal complaint system that provides due process to complainants and the Postal Service. Include provisions for assuring participation of an officer of the Commission to represent the interests of the general public.
3. Establish a referral process to facilitate Postal Service assistance for individual or local problems.

## **Ongoing Operational Strategies**

1. Maintain a transparent and equitable complaint process for the public concerned with Postal Service adherence to PAEA's policies.
2. Establish methods for prompt review of complaints and speedy administration thereof.
3. Develop precedents for investigating potential problem areas raised in complaints.
4. Issue prompt, clear decisions that resolve issues fairly and provide meaningful guidance for future behavior.
5. Identify patterns in appeals and/or complaints and order appropriate remedies and achieve compliance.
6. Review appeals of post office closings (section 404(d)(5)).

## **Measurement Indicator:**

- 4.1** Issue timely decisions within 90 days.
- 4.2** Determine the percentage of written PRC decisions which were either not appealed or, if appealed, affirmed by Federal Court.

# Public Participation and Government Relations

*Ensure the Commission is visible and readily accessible to all stakeholders.*

*The Commission promotes its visibility, transparency, and accessibility by educating, responding to, and interacting with the general public, mailers, the U.S. Congress, federal agencies, and the media.*

## **Short-term Operational Strategies**

1. Enhance government relations function through proactive outreach and relationship building with the Congress, the Executive branch, Federal, State and local governments, and postal stakeholders.
2. Develop a comprehensive plan and strategy for outreach to the public and media.
3. Refine editorial appearance standards and maintain consistent messaging and branding for public documents and website.
4. Establish and coordinate a system to respond to public and consumer inquiries and correspondence.

## **Ongoing Operational Strategies**

1. Identify legislative and public affairs issues.
2. Review and modify the content of the Commission's website as necessary.
3. Perform outreach with the general public, the U.S. Congress, federal agencies, and the media about the activities of the Commission.
4. Assist in the development of annual reports, including, but not limited to, the annual Compliance Report in consultation with the other entities of the Commission.
5. Track and manage public inquiries and correspondence.
6. Track, classify, and maintain a record of "informal complaints" which do not rise to the level of formal complaints.
7. Build on and maintain media relationships.
8. Build on and maintain effective working relationships with the Congress, the Executive Branch, and the United States Postal Service.

## **Measurement Instrument:**

- 5.1** Determine the number of Commission personnel participating in agency, state, regional, national, international, and industry leadership roles.
- 5.2** Conduct a number of public comment/ educational forums with public participation. Benchmark polling of public awareness as resources permits.
- 5.3** Track monthly the number of times the PRC website is accessed.

# Human Capital

*Ensure a system that fosters recruitment, development, and retention of a talented and skilled workforce.*

*The Commission recognizes that its most valuable asset is its employees. The Commission is committed to a merit based human resources program that ensures an exemplary and responsive workforce which continues our expert role as a recognized leader in the industry.*

## **Short-term Operational Strategies**

1. Create a comprehensive Human Capital Plan with clearly defined competencies for all positions, which are communicated to all Commission employees.
2. Recruit to meet the expanded responsibilities of the Commission.
3. Refine and align the Performance Management System with the strategic plan.
4. Develop and implement succession planning management system.
5. Update and clarify human resources policies and procedures and rules and regulations to ensure a fair, consistent and sustainable application of the policies.

6. Integrate the Commission's human resources systems into United States Postal Service Human Capital Enterprise System.

## **Ongoing Operational Strategies**

1. Conduct employee surveys to identify opportunities for improvement.
2. Maintain a fair and confidential forum for addressing employee concerns.
3. Effectuate agency policy on employee rights, benefits, and protections.
4. Review and update the Human Capital Plan, as appropriate, to encourage diversity and proper staffing levels, and to ensure individual development, succession, and training plans are linked to job competencies, the mission of the Commission, and its performance management system.

## **Measurement Indicator:**

- 6.1** Continue human capital planning by ensuring there is a cadre of highly skilled employees available for key positions through structured planning and training activities.

- 6.2** Identify the percentage of agency positions and core responsibilities covered under the Commission's Succession Planning system.
- 6.3** Identify the percentage of Position Description reviewed and updated.
- 6.4** Identify the percentage employee with Individual Development Plans (IPDs) completing continuing education classes, training courses, seminars, receiving tuition reimbursement and other required federal mandates to further develop professional expertise.
- 6.5** Conduct survey to identify improvement opportunities.



# Program Integration and Support

*Utilize latest technology, operational systems, and organizational infrastructure in achieving Commission goals.*

*Program Integration and Support provides systems for the efficient, effective and secure fulfillment of the Commission's responsibilities. These include the strategic use of internal databases and systems, websites, and other infrastructure technology systems based on best practices and the Commission's own business procedures to allow the Commission to efficiently accomplish its mission.*

## **Short-term Operational Strategies**

1. Initiate a strategic process from a top down approach to create an Enterprise Architecture structure of the Commission's Information Technology (IT) infrastructure.
2. Develop and maintain a Document Management and Tracking system for internal Commission documents and workflow. Restructure internal databases to meet the new data requirements from the PAEA, and to simplify Commission workflow processes.
3. Redesign and maintain currency of the Commission's website.

4. Modernize financial controls to clarify the approval process, monthly variance forecasting, and review of internal audits.
5. Develop and maintain the Commission's budget and fiscal processes.

## **Ongoing Operational Strategies**

1. Enhance IT security policies, practices, and enforcement procedures.
2. Enhance purchase, travel and training processes and procedures.
3. Develop and refine processes and procedures for annual budget.
4. Maintain records disposal procedures and transfer official Commission records to the National Archives as scheduled.
5. Ensure equipment and facilities are adequate, safe, and secure.

## **Measurement Indicator:**

- 7.1** Complete the redesign of the existing website by March 31, 2008.
- 7.2** Create a Content Management System for ongoing management of content/documents of the website by September 30, 2008.

- 7.3** Reprogram the current Docket's database to increase its capacity and flexibility to handle other Commission documents, and display contents on the website by December 31, 2008.
- 7.4** Develop and implement an Enterprise Architecture structure by March 31, 2009.
- 7.5** Identify the percentage of the Commission's in-house Support Help Desk calls successfully completed within 24 hours.
- 7.6** Implement an information technology security plan including an enhanced password and desktop configuration policy by June 30, 2008.
- 7.7** Identify the percentage of implementation of e-Government initiatives completed.
- 7.8** Submit Federal Register notices electronically to the Government Printing Office by December 31, 2008.

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# Appendix A: Definitions

## The strategic plan is organized using the following terms:

- Mission:** Brief statement of the organization's core purpose – what the organization is about and why it exists.
- Guiding Principles:** What the organization is committed to; how the organization operates internally and externally.
- Vision:** A compelling, meaningful and clear description of how the organization wants to operate in five years and the benefits stakeholders are receiving from the services provided. Defines “where” we are going.
- Strategic Goals:** The key focus areas that will enable the Commission to meet the five-year vision. Defines “what” should be achieved in order to meet the vision and mission. Both internal and external priorities are established.
- Operational Strategies:** Defines the methods and initiatives the Commission will undertake to meet the strategic goals. The strategies are organized into two categories: Short-term Strategies, which are time critical, and Ongoing Strategies, which will be achieved over time. Defines “how” we will get there.

## Technical Terminology as defined by the Postal Accountability and Enhancement Act of 2006, Public Law 109-435 (PAEA):

- Competitive Products:** Products that are not market-dominant. The initial competitive product list includes: Priority Mail; Expedited Mail; Bulk Parcel Post; and Bulk International Mail. This list is subject to any changes the Commission may authorize under the PAEA section 3642.
- Consumer Price** An index prepared and published by the Bureau of Labor Statistics

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|---|--|
| <b>Index (CPI-U):</b>   | (BLS) of the Department of Labor that measures the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.  |
| <b>Costs Attributable:</b>  | The direct and indirect postal costs attributable to products through reliably identified causal relationships.  |
| <b>Market-Dominant Products:</b>                                  | Products for which the Postal Service has market power to set prices substantially above costs without risk of losing business to others. The initial market-dominant products are: First-Class Mail letters and sealed parcels; First-Class Mail cards; Periodicals; Standard Mail; single-piece Parcel Post; Media Mail; Bound Printed Matter; Library Mail; Special Services; and single-piece International Mail. This list is subject to any changes the Commission may make under PAEA section 3642. |
| <b>Market Tests:</b>  | The offering of products or services on a limited basis to determine if they will be successful prior to commitment of significant expenditures.   |
| <b>Negotiated Service Agreement:</b>                              | A written contract, to be in effect for a defined period of time, between the Postal Service and a postal mailer that provides for customer-specific rates or fees and/or terms of service in accordance with the terms and conditions of the contract.  |
| <b>Non-Postal Services:</b>                                       | Any service provided by the Postal Service as of January 1, 2006, which is not a postal service defined as the delivery of letters, printed matter, or mailed packages, including acceptance, collection, sorting, transportation, or other ancillary functions.   |
| <b>Postal Monopoly:</b>   | The monopoly on letter mail granted to the Postal Service by Congress. Generally, it provides financial support for the universal service obligation.  |
| <b>Service Performance Standards:</b>                             | Standards developed by the Postal Service in consultation with the Commission defining the Postal Service's expectations for timely service performance.   |
| <b>Universal Postal Service or Universal Service Obligations:</b> | Generally represents the minimal level of service to be provided to all U.S. citizens imposed on the Postal Service by Congress.   |
| <b>Workshare Discounts:</b>                                       | Rate discounts provided to mailers for their preparation and/or processing of mail such as presorting, pre-barcoding, handling or transportation of mail.  |

## **Other Terminology included in the Strategic and Operational Plan:**

### **Sarbanes-Oxley:**

The Sarbanes-Oxley Act (Public Law 104-204) was enacted in 2002 to improve the integrity of corporate governance and disclosure for companies doing business in the United States by providing a series of guidelines on governance and reporting standards.

### **Securities Exchange Commission (SEC):**

The U.S. Securities Exchange Commission is a Federal agency with the mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. The SEC regulates corporate financial records and provides penalties for their abuse. To that end, the SEC requires registered public companies to provide periodic accounting reports and evaluates them for data integrity and transparency. The PRC has been given a similar role in evaluating the financial data of the Postal Service.

### **Segment Reporting System:**

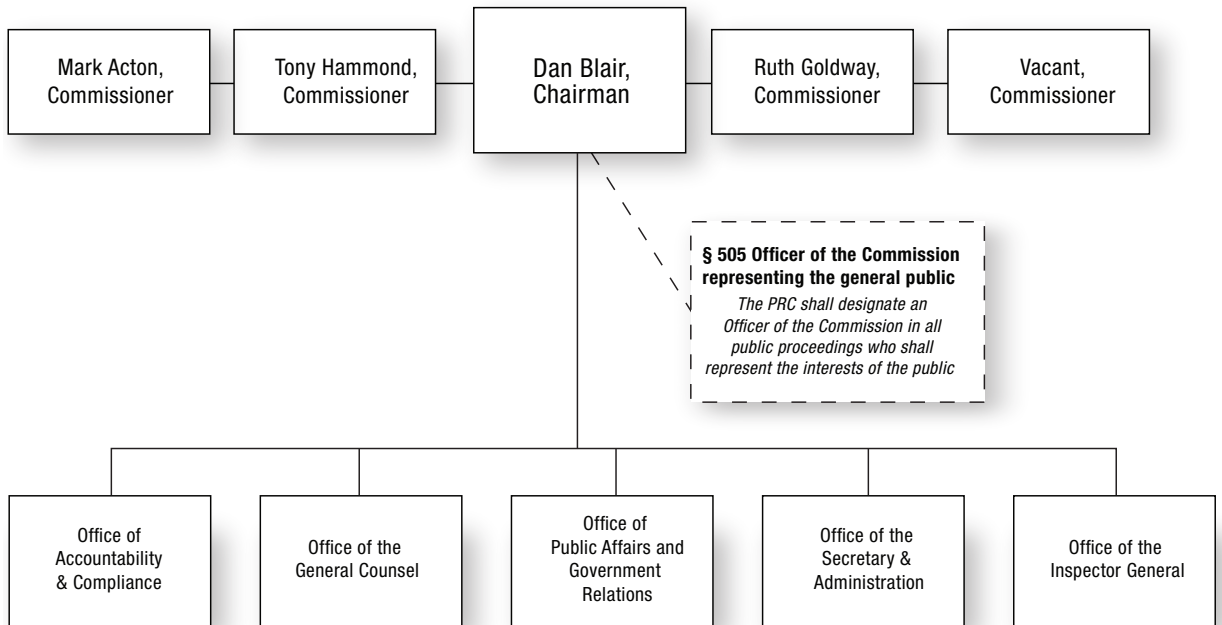
System to be designed by the Commission guiding how the Postal Service shall report financial data across various market segments.

### **Universal Postal Union:**

Established in 1874, the Universal Postal Union (UPU) is the primary forum for cooperation between postal-sector players and helps to ensure a truly universal network of up-to-date products and services. The UPU fulfills an advisory, mediating and liaison role, and renders technical assistance where needed. It sets the rules for international mail exchanges and makes recommendations to stimulate growth in mail volumes and to improve the quality of service for customers.

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# Appendix B: Organization Chart





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