

POSTAL REGULATORY COMMISSION**39 CFR Part 3050****[Docket No. RM2024–1; Order No. 6784]****Periodic Reporting****AGENCY:** Postal Regulatory Commission.**ACTION:** Notice of proposed rulemaking.

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

DATES: *Comments are due:* December 18, 2023.

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

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

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I. Introduction

On November 8, 2023, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles related to periodic reports.¹ The Petition identifies the proposed analytical changes filed in this docket as Proposal Seven.

II. Proposal Seven

Background. Proposal Seven is a request to change the methodology for developing, attributing, and distributing Cost Segment 2 costs related to supervisors and technical personnel. Petition at 1. Proposal Seven stems from the Postal Service's identification of

supervisors and technicians costs as a medium-term area in need of study and is the result of that study.² Cost Segment 2 includes salaries, benefits, and other related costs of supervisors (except those associated with supervising vehicle maintenance and custodial employees) and technical personnel. Petition, Proposal Seven at 1. Cost Segment 2 also includes expenses associated with non-supervisory employees who work in the district offices such as customer service representatives and address management personnel. *Id.* at 1–2. Supervisors direct the activities for those employees that process, deliver, and transport the mail. *Id.* at 1. Technical personnel work to improve the efficiency of activities performed by postal employees and include industrial engineers, accountants, and human resources personnel and include staff working in district offices. *Id.*

Currently, accrued supervisor costs are apportioned to supervisor activities through In-Office Cost Systems (IOCS) observations and assignment of corresponding activity codes. *Id.* at 2. The costs associated with these activities are classified and distributed as variable to the same degree as the work activities supervised. *Id.* The Postal Service represents that in FY 2022, approximately 39,000 IOCS readings were used in determining the supervisors and technicians cost components for FY 2022. *Id.* According to the Postal Service, the IOCS readings are costly, consume valuable resources, and “by their nature do not yield measurements that supply product level detail.” *Id.*

Proposal. The Postal Service's proposal seeks to replace its use of IOCS readings with operational payroll data and “reasonable assumptions” in determining cost component totals. *Id.* at 3–4. According to the Postal Service, this would result in a set of eight cost components. *Id.* The current IOCS measurements divide the accrued costs in Segment 2 into sixteen cost components. *Id.* at 2–3. More specifically, the Postal Service proposes to use system payment data by Labor Distribution Code (LDC) to form these cost components, which would significantly reduce reliance on IOCS measurements. *Id.* at 1, 3–4. Under the proposed methodology, supervisor cost components would be formed by utilizing the ratio of total payroll salary and benefits by supervisor LDC and facility type and, for some LDCs, the

portion of labor costs for the employee craft type supervised. *Id.* at 7.

Additionally, the proposal seeks to tie Professional and Technical total costs to the Trial Balance total rather than relying on IOCS readings and modeling. *Id.* at 4. Currently, technician costs are categorized within the cost component for “Product Specific and Other S & T.” *Id.* The Postal Service proposes that these costs instead be separated into their own cost components based on the General Ledger amounts. *Id.* The Postal Service proposes to separate the remaining supervisor costs even further according to function (using the ratio of payroll data cost according to their function), including the following LDCs: function 1 (mail processing); function 2 (carriers); function 3 (vehicle service); and function 4 (customer service). *Id.* at 5. All remaining supervisor LDCs would be allocated to the Other Supervisors cost component. *Id.*

The Postal Service proposes further dividing function 1 costs into International Service Centers, Network Distribution Centers, and other costs based on the ratio of payroll costs by location (facility) and applying “more detailed support costs variabilities and distribution keys.” *Id.* at 5, 7. For supervisors that oversee activities of both function 2 and 4 employees (carriers, window clerks and back-office clerks), the Postal Service proposes summing the payroll costs of function 2 and function 4 and then using the underlying direct labor costs to reallocate the functional costs between the two functions. *Id.* at 6. Function 2 delivery costs will then further be separated into rural and city carrier supervision costs based on the nationwide proportions of routes by type of delivery. *Id.* Function 4 costs will then be further allocated to cost pools for Window and Non-MODS clerk supervision using direct labor cost proportions within function 4. *Id.*

Rationale. The Postal Service justifies the proposed changes as improving efficiency by using “passively available operational data,” to form cost components rather than costly IOCS measurements. *Id.* at 7. Additionally, the Postal Service justifies the change as an improvement because it would increase “the accuracy and efficiency of product cost estimation in Cost Segment 2.” *Id.* at 10. For instance, the Postal Service asserts that one significant improvement with this model is the increase in the rural delivery supervision cost component, which will result in a cost ratio “more aligned with operational reality.” *Id.* at 8–9. The Postal Service indicates that the current methodology's “extreme ratio” might be

¹Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Seven), November 8, 2023 (Petition). The Postal Service also filed a notice of filing of public and non-public material relating to Proposal Seven. Notice of Filing of USPS–RM2024–1–1 and USPS–RM2024–1–NP1 and Application for Nonpublic Treatment, November 8, 2023.

²Docket No. RM2022–1, Initial Comments of the United States Postal Service, March 25, 2022, at 7, 24–26, 38.

the result of the difficulty in IOCS sampling in rural areas. *Id.* at 9–10.

Impact. The Postal Service asserts that its proposal will result in “an overall decrease of approximately \$163 million in attributable costs due to the reformulation of the cost components,” mostly “due to the new Other Supervisors costs component, which if implemented would be classified as institutional.” *Id.* at 10. Overall, the proposal will result in a decrease in unit costs for most product classes, except for Market Dominant Services. *Id.* at 10–11.

III. Notice and Comment

The Commission establishes Docket No. RM2024–1 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission’s website at <https://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Seven no later than December 18, 2023. Pursuant to 39 U.S.C. 505, Almaroof Agoro is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

IV. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. RM2024–1 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Seven), filed November 8, 2023.

2. Comments by interested persons in this proceeding are due no later than December 18, 2023.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Almaroof Agoro to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this Order in the **Federal Register**.

By the Commission.

Erica A. Barker,
Secretary.

[FR Doc. 2023–25430 Filed 11–16–23; 8:45 am]

BILLING CODE 7710–FW–P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 16

[EPA–HQ–OMS–2019–0371; FRL–10082–03–OMS]

Privacy Act Regulations for EPA–83

AGENCY: Environmental Protection Agency (EPA).

ACTION: Proposed rule.

SUMMARY: The Environmental Protection Agency (EPA or Agency) is proposing to revise the Agency’s Privacy Act regulations to exempt a system of records, EPA–83, the Personnel Security System (PSS) 2.0, from certain requirements of the Privacy Act because the system will contain information relevant to insider threat inquiries and background investigations. If such information is not kept confidential, it could jeopardize EPA or a referring agency’s ability to conduct background investigations, insider threat inquiries, or any related inquiries. In the “Rules and Regulations” section of this **Federal Register**, EPA is simultaneously publishing the revision of the Agency’s Privacy Act Regulations to include EPA–83 as a direct final rule without a prior proposed rule. If the Agency receives no adverse comment, it will not take further action on this proposed rule.

DATES: Comments must be received on or before December 18, 2023.

ADDRESSES: Submit your comments, identified by Docket ID No. EPA–HQ–OMS–2019–0371, at <https://www.regulations.gov/>. Follow the online instructions for submitting comments. Once submitted, comments cannot be edited or removed from *Regulations.gov*. The EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. The EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the web, cloud, or other file sharing system). For additional submission methods, the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit

<https://www.epa.gov/dockets/commenting-epa-dockets>.

FOR FURTHER INFORMATION CONTACT: John Goldsby, Personnel Security Branch, Environmental Protection Agency, William Jefferson Clinton North Building, Mail Code 3206A, 1200 Pennsylvania Avenue NW, Washington, DC 20460; telephone number: (202) 564–1569; email address: Goldsby.John@epa.gov.

SUPPLEMENTARY INFORMATION:

I. Why is EPA issuing this proposed rule?

The EPA proposes to revise the Agency’s Privacy Act regulations in order to exempt a system of records, EPA–83, the Personnel Security System (PSS) 2.0, from certain requirements of the Privacy Act. The EPA has published a direct final rule exempting this system of records in the “Rules and Regulations” section of this **Federal Register** because it views this as a noncontroversial action and anticipates no adverse comment. EPA explains its reasons for the direct final rule in the preamble to that rule. If EPA receives no adverse comment, it will not take further action on this proposed rule. If EPA receives adverse comment, it will withdraw the direct final rule and the rule will not take effect. EPA will address public comments in any subsequent final rule based on this proposed rule. EPA does not intend to institute a second comment period on this action. Any parties interested in commenting must do so at this time. For further information, please see the **ADDRESSES** section of this document.

II. General Information

The EPA published a Privacy Act system of records notice for information collected and maintained in the Personnel Security System (PSS) 2.0 (85 FR 32380, May 29, 2020), and a Notice of a Modified System of Records concurrently with this proposed rule. PSS 2.0 supports the Personnel Security Branch (PSB) with tracking the documentation associated with background investigations for Federal and non-Federal personnel working for EPA. PSS 2.0 contains investigatory material compiled for the purpose of determining suitability, eligibility, or qualifications for Federal civilian employment, Federal contracts, or access to classified information. Additionally, the PSB plans to update PSS 2.0 with a new module focused on providing the agency with insider threat inquiry management and coordination capabilities. The Insider Threat Program