



POSTAL REGULATORY COMMISSION

[Docket No. PI2021-1; Order No. 9594]

Public Inquiry

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is acknowledging the filing of the explanation of its current methodology to value the Postal Service's universal service obligation (USO). This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* July 7, 2026.

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.

SUPPLEMENTARY INFORMATION:

Table of Contents

- I. Introduction
- II. Procedural History
- III. Content of Library References PRC-LR-PI2021-1-NP1 and PRC-LR-PI2021-1-1
- IV. Administrative Actions
- V. Ordering Paragraphs

I. Introduction

The Commission notifies the public of filing of the explanation of the current methodology used by the Commission to value the Postal Service's

universal service obligation (USO). The Commission provides until July 7, 2026 for public comment regarding the current USO valuation methodology, including any suggested modifications or enhancements.

II. Procedural History

In December 2020, the Commission established the instant docket to revisit the methodology it uses to estimate the cost of the Postal Service's USO.¹ Since then, several Chairman's information requests have been issued and the Postal Service has responded to them.² Several motions and responses were filed.³ The Commission granted one motion.⁴ The Commission grants the Postal Service's Motion for Late Acceptance because no participant would be prejudiced by the late acceptance of Response to CHIR No. 7 and the procedural schedule has not been adversely affected by the late acceptance. All other motions remain pending. The Commission also received comments.⁵

III. Content of Library References PRC-LR-PI2021-1-NP1 and PRC-LR-PI2021-1-1

¹ Notice and Order Providing an Opportunity to Comment with Respect to Universal Service Obligation Valuation Methodology, December 10, 2020, at 1 (Order No. 5777).

² See, e.g., Chairman's Information Request No. 1, September 16, 2021; Responses of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 1, September 24, 2021; Chairman's Information Request No. 7, March 31, 2026; Responses of the United States Postal Service to Chairman's Information Request No. 7 and Notice of Filing Materials Under Seal (USPS-PI2021-1-NP7), April 16, 2026 (Response to CHIR No. 7).

³ See, e.g., Motion of the United States Postal Service to Disclose Methodological Information and to Adjust Procedural Schedule, January 12, 2021; Public Representative Response to Motion to Disclose Methodological Information and Adjust Procedural Schedule, January 14, 2021; Motion of the United States Postal Service for Late Acceptance of the Responses to Chairman's Information Request No. 7, April 16, 2026 (Postal Service's Motion for Late Acceptance); Docket Nos. PI2020-1 and PI2021-1, Omnibus Motion of Lindsey Vincent for an Order Compelling Forensic Disclosure of RRECS Source Data, Convening a Technical Conference, Establishing a Nationwide Error Registry, and Entering an Evidence Preservation Order with Spoliation Sanctions, May 29, 2026.

⁴ Order Granting Motion to Disclose Methodological Information and to Adjust Procedural Schedule, January 21, 2021 (Order No. 5821).

⁵ See, e.g., Comments of the Berkshire Company in Response to Order No. 5777, March 15, 2021; Comments of Richard Graham Regarding Data Integrity and the Valuation of Rural Delivery Workload, April 17, 2026.

The Commission files its explanation of the current methodology used by the Commission to value the Postal Service's USO in this docket. Specifically, Library Reference PRC-LR-PI2021-1-NP1 is the unredacted version, which is filed under seal. Library Reference PRC-LR-PI2021-1-1 is the redacted version, which is filed publicly. The two library references contain a detailed explanation of the Commission's current USO valuation methodology, including workpapers showing the calculations underlying its most recent USO valuation for Fiscal Year (FY) 2024, which appears in the FY 2025 Annual Report.⁶ The two library references are both organized according to three types of public services or activities and the respective components under each type, as follows:

- Postal Services to Areas of the Nation that Postal Service Would Not Otherwise Serve
 - Maintaining Small Post Offices
 - Alaska Air Subsidy
 - Group E Post Office Boxes
- Free or Reduced Rates for Postal Services as Required by Title 39 of the U.S. Code
 - Preferred Rate Discounts Net of Costs
 - Periodicals Losses
- Other Public Services or Activities the Postal Service Would Not Otherwise Provide but for the Requirements of Law
 - Six-Day Delivery
 - Uniform First-Class Mail Rates
 - Uniform Media Mail/Library Mail Rates

⁶ Postal Regulatory Commission, Annual Report to the President and Congress, FY 2025, January 28, 2026, at 30-40 (FY 2025 Annual Report).

- Postal Inspection Service (Net Cost)

The Commission's current USO valuation methodology differs from the methodology used in the 2008 USO Report⁷ in the following major areas: additional costs are included in the 6-to-5-day delivery cost saving estimate; new additional USO-related costs are included in the estimated total USO cost; and the Rural Route Evaluation Cost System (RRECS) replaced the Rural Mail Count (RMC) for developing rural carrier costs.

IV. Administrative Actions

All material filed in Docket No. PI2021-1 will be available for review on the Commission's website (<https://www.prc.gov>). Any material filed in this proceeding that is subject to an application for non-public treatment (filed under seal) may be accessed via the Commission's website only by account holders granted access by an order or in accordance with 39 C.F.R. § 3011.300(a). Except as provided in 39 C.F.R. § 3010.120(a), all material filed with the Commission shall be submitted in electronic format using the Filing Online system, which is available over the internet through the Commission's website.

Pursuant to 39 C.F.R. § 3010.101(q)(3), Kenneth R. Moeller shall continue to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket. The Public Representative does not represent any individual person, entity or particular point of view, and, when Commission attorneys are appointed, no attorney-client relationship is established.

The Commission will accept comments concerning the matters identified in this Order. Comments are due July 7, 2026. The Commission invites

⁷ Report on Universal Postal Service and the Postal Monopoly, December 19, 2008 (2008 USO Report).

interested persons to identify components of the current USO valuation methodology where the underlying assumptions about how a theoretical profit-maximizing Postal Service without a USO would behave are no longer compelling. Further, the Commission seeks suggestions concerning how to revise any outdated assumptions, as well as what data and analytical methods would be necessary to incorporate any suggested changes into the calculation of the USO's cost. Five specific questions regarding the USO valuation methodology follow.

- What is the best way to adapt the RRECS data to calculate the unit cost of the rural carrier providing retail services and the rural delivery cost to a centralized mailbox?
- Is there a more appropriate proxy to use to estimate the cost of providing uniform Media Mail and Library Mail rates?
- Should the USO cost of maintaining small post offices (defined as those post offices in Cost Ascertainment Groups K and L) be expanded to also include other post offices that do not cover costs?
- Can the Postal Service provide more current and accurate inputs for the USO 6-to-5-day delivery cost savings estimate than the inputs from Docket No. N2010-1? If not, which (if any) of the current 6-to-5-day cost savings estimates (rural carrier delivery cost, city delivery carrier cost, mail processing cost, and transportation cost) are likely to be materially inaccurate?
- Where the RRECS replaced the RMC to develop the rural carrier 6-to-5-day delivery cost savings estimate, are the Commission's RRECS adaptations and methodology to estimate the rural carrier cost saving from reducing delivery days generally accurate and appropriate?

V. Ordering Paragraphs

It is ordered:

1. The Commission provides notice of filing the explanation of the current methodology used by the Commission to value the Postal Service's universal service obligation in this docket.

2. Comments are due July 7, 2026.

3. Kenneth R. Moeller shall continue to serve as Public Representative in this proceeding.

4. This Order, or an abstract thereof, shall be published in the **Federal Register**.

By the Commission.

Mallory S. Richards,

Attorney-Advisor.

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