Abstract—In this paper, we consider a remote sensing system that consists of a sensor and an estimator. A sensor observes a first order Markov source and must communicate it to a remote estimator. Communication is noiseless but expensive. At each time, based on the history of its observations and decisions, the sensor chooses whether to transmit or not. If the sensor does not transmit, then the estimator must estimate the Markov process using its past observations. We study the average cost problem in the light of vanishing discount approach. The problem was studied previously by Lipsa and Martins, IEEE TAC, 2011 and by Nayyar et al, IEEE TAC, 2013, where it was shown that the optimal estimation policy is Kalman-like and the optimal communication policy is to communicate when the estimation error is greater than a threshold. In the discounted set-up, we had earlier characterized the optimal policy and the optimal thresholds as a function of communication cost. The average cost problem is investigated as the limiting case of the discounted cost problem as the discount factor approaches one. The average cost and the optimal values of the thresholds are provided in terms of the communication cost. Lastly, we present an example of birth-death Markov chain to illustrate our results.

I. INTRODUCTION

A. Motivation

In this paper, we consider a model that captures a fundamental trade-off between communication cost and estimation accuracy. This model is motivated by applications in smart grids and environmental monitoring.

In smart grids, it is envisioned that smart meters will measure the energy consumption in households and communicate these measurements to an aggregator which will use this information for demand response etc. In such a scenario, it is important not to flood the communication network with measurement information by communicating periodically. Instead, one can model the signaling overhead as a cost and optimally trade-off communication cost with estimation accuracy.

In environmental monitoring, a sensor network is used to measure an environmental variable such as rainfall, soil moisture, etc. Energy consumption at the sensor is an important consideration in such systems because it is expensive to replace the sensor battery. Thus, to conserve battery, it is important not to transmit periodically. Instead, one can model the energy consumed while communicating as a cost and optimally trade-off communication cost with estimation accuracy.

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Similar scenarios also arise in other applications such as networked control systems. Consider the following model that captures the above scenarios. A sensor observes a first order Markov process and must communicate it to a remote estimator. Communication is noiseless but expensive. At each time, based on the history of its observations and decisions, the sensor chooses whether to transmit or not. If the sensor does not transmit, then the estimator must estimate the Markov process using its past observations. The objective is to minimize a weighted combination of communication cost and estimation error.

The remote estimation is conceptually difficult due to information decentralization. When the sensor decides not to communicate, its decision is based on the current value of the Markov source. So, even when the estimator does not receive an observation, the ‘absence of observation’ conveys some information about the Markov process. Such signaling problems are known to be notoriously hard, with the Witsenhausen’s counterexample [1] being the most famous example.

The above model has received considerable attention in the literature. The most closely related papers are [2]–[5], which are briefly summarized below. Other related work includes models where the sensor is allowed to sleep for a pre-specified amount of time [6] and models where the estimator decides when the sensor should transmit [7]–[9].

The set-up of this paper is also related to the censoring sensors considered in hypothesis testing [10], [11] (where the sensor takes one measurement and decides whether to transmit it or not) and real-time source coding [12], [13] (where the sensor must transmit a quantized version of the observation).

In [2], the authors considered a remote estimation problem where the sensor could communicate a finite number of times. They assumed that the sensor used a threshold policy to decide when to communicate and determined the optimal estimation policy and the value of the thresholds. [14] have generalized the results of [2] to delays and transmission constraints imposed by real data networks. In [3], the authors considered remote estimation of Gaussian processes. They assumed a particular form of the estimator and show that the estimation error is a sufficient statistic for the sensor.

In [4] too, the authors considered remote estimation of Gaussian processes but do not impose any assumption on the communication or estimation policy. They use ideas from majorization theory to show that the optimal estimation policy is Kalman-like and the optimal communication policies are threshold based. In [5], the authors considered remote
estimation of countable state Markov processes where the sensor harvests energy to communicate. They show that if the Markov process is symmetric in an appropriate sense, then the results of [4] continue to hold. Both [4] and [5] identified dynamic programs to find the optimal thresholds. The authors of [15] adopted a formulation that is similar to [4]. They consider a networked control problem with transmission costs, where they adopt a Kalman-like estimator and show, using dynamic programming, that, for such a pre-determined choice of estimator, the optimal pre-processor is a memoryless function of the state estimation error. In contrast to [4], the problem analyzed in [15] dealt also with the multidimensional case.

Threshold based transmission policies may be viewed as event-based transmission policies: transmission takes place when an event (estimation error greater than a threshold) takes place. Such event-based transmission has also received considerable attention in the literature, a detailed overview of which is given in [16]. In recent years, various event-triggering policies have been proposed and analyzed for different problem formulations, for both stochastic and deterministic set-ups. Given below are some of the contributions in stochastic event-based sampling.

[17] showed that the optimal event-triggering rules are given by the solutions to the optimal stopping-time problems and derived the jointly optimal stopping times and control signals for first-order systems. An extension to this work was carried out in [18] for a Markov state process with hard communication constraints, where it was shown that the optimal thresholds can be chosen one at a time using solutions to a nested sequence of optimization problems each with a single threshold as its decision variable, and in [19] for second-order systems, where the optimal threshold were computed by minimizing the aggregate performance for a given weight.

In a finite horizon LQG optimal control set-up, [20] considered optimal closed-loop design for event-based systems, with a joint selection of the event triggering policy and control law. They showed that the optimal scheduler sequence can be computed by solving a deterministic dynamic program. In a subsequent work, [21], the authors have shown that the optimal controller is a certainty equivalence controller consisting of linear gains and the optimal state estimator at the event-trigger is given by the Kalman filter. The event-trigger consists of a Kalman filter and a copy of the affine-linear predictor at the controller.

The rest of the paper is organized as follows. In Section II, to study the discounted cost problem, we revisit the model of [4] and [5] and look at it from a slightly different point of view. Consequently, we use the results of [22], where we use the idea of calibration from multi-armed bandits. We identify the value of the communication cost for which one is indifferent between two consecutive threshold policies. Using these values, we obtain the range of communication costs for which a particular policy is optimal. The main result is then discussed in Section III, where the average cost problem is studied as an extension to the discounted cost problem as the discount factor goes to 1. Using vanishing discount approach, we give the average cost and the optimal thresholds as functions of the communication cost. We show that the communication index provides the complete characterization of the optimal communication policy for all values of the communication cost.

### B. Notation

\( Z \) denotes the set of integers and \( N \) denotes the set of natural numbers. \( x_{1:t} \) is a short hand for the vector \((x_1, \ldots, x_t)\). For a matrix \( A \), \( A_{ij} \) denotes the \((i,j)\)-th element of \( A \) and \( A_i \) denotes the \(i\)-th row of \( A \). Note that unlike the standard notation, in our notation the indices to denote an element of a matrix take both positive and negative values. Furthermore, \( A^\top \) denotes the transpose of \( A \). \( I_k \) denotes the identity matrix of dimension \( k \times k \), \( k \in N \). \( 1_k \) denotes \( k \times 1 \) vector of ones. \( \langle v, w \rangle \) denotes the inner product between vectors \( v \) and \( w \). \( \mathbb{E}(\cdot) \) denotes the expectation of an event, \( \mathbb{E}[\cdot] \) denotes the expectation of a random variable, and \( \mathbb{I}\{\cdot\} \) denotes the indicator function of a statement.

### C. Problem Formulation

Consider a remote sensing system, which consists of a sensor and an estimator. The sensor observes the state of a first-order Markov process \( \{X_t\}_{t=0}^\infty \), \( X_t \in \mathbb{Z}^1 \), with transition matrix \( P \). Assume that the Markov process starts in state \( x_0 \) that is known to the sensor and the estimator.

At time \( t \), the sensor decides between two alternatives: either to transmit the current state \( X_t \) and incur a cost \( c \) or not transmit and incur no cost. The sensor’s decision is denoted by \( U_t \in \{0, 1\} \), where \( U_t = 0 \) denotes no transmission and \( U_t = 1 \) denotes transmitting the current state. The transmitted symbol \( Y_t \) is given by

\[
Y_t = \begin{cases} 
X_t, & \text{if } U_t = 1 \\
\epsilon, & \text{if } U_t = 0 
\end{cases}
\]

where \( \epsilon \) means no transmission.

The sensor’s decision is generated as follows:

\[
U_t = f_t(X_{1:t}, U_{1:t-1}, Y_{1:t-1})
\]

where \( f_t \) is called the communication rule at time \( t \) and the collection \( f = (f_1, f_2, \cdots) \) is called the communication policy.

The estimator observes the transmitted symbols and generates an estimate \( \hat{X}_t \in \mathbb{Z} \) as follows:

\[
\hat{X}_t = g_t(Y_{1:t})
\]

where \( g_t \) is called the estimation rule at time \( t \) and the collection \( g = (g_1, g_2, \cdots) \) is called the estimation policy.

We are interested in the following optimization problem:

**Problem 1:** In the above model, given the transition matrix \( P \) of the Markov process, the communication cost \( c \) and a

\footnote{The results generalize to \( X_t \in \mathbb{R}^n \), but for ease of exposition we restrict our discussion to \( X_t \in \mathbb{Z} \).}
The distortion function is given by \( \ell : \mathbb{Z} \times \mathbb{Z} \rightarrow \mathbb{R}_+ \), choose transmission and estimation policies \((f, g)\) to minimize the average cost

\[
J(f, g) = \lim_{T \to \infty} \mathbb{E} \left[ \frac{1}{T} \sum_{t=0}^{T} [cU_t + \ell(X_t, \hat{X}_t)] \mid X_0 = x_0 \right]
\]

where \( \beta \in (0, 1) \) is the discount factor.

To analyze the above average cost optimization problem, first we define the following discounted cost optimization problem as an intermediate step.

**Problem 2:** In the above model, given the transition matrix \( P \) of the Markov process, the communication cost \( c \) and a distortion function \( \ell : \mathbb{Z} \times \mathbb{Z} \rightarrow \mathbb{R}_+ \), choose transmission and estimation policies \((f, g)\) to minimize the discounted cost

\[
J(f, g) = \mathbb{E} \left[ \sum_{t=0}^{\infty} \beta^t [cU_t + \ell(X_t, \hat{X}_t)] \mid X_0 = x_0 \right]
\]

where \( \beta \in (0, 1) \) is the discount factor.

In the next section, we state some relevant results for the discounted cost problem that were derived in [23]. The analysis of Problem 1 is then discussed as an extension to Problem 2.

**D. Preliminary results on structure of optimal policies**

We want to use vanishing discount approach to study Problem 1. So, we consider Problem 2 first. Slight variations of the above model have been considered in [4], [5] where the objective was to minimize the finite horizon cost

\[
\mathbb{E} \left[ \sum_{t=0}^{T} [cU_t + \ell(X_t, \hat{X}_t)] \mid X_0 = x_0 \right].
\]

The model in [4] assumed a Gauss-Markov source with square error distortion while the model in [5] assumed that the Markov process evolves according to

\[
\begin{align*}
X_{t+1} &= X_t + N_t \\
Z_t &= X_t, \quad \text{if } U_t = 1 \\
Z_{t-1} &= X_t, \quad \text{if } U_t = 0.
\end{align*}
\]

Note that since \( U_t \) can be inferred from the transmitted symbol \( Y_t \), the estimator can also keep track of \( Z_t \) as follows:

\[
Z_0 = x_0
\]

and

\[
Z_t = \begin{cases} Y_t, & \text{if } Y_t \neq \epsilon \\
Z_{t-1}, & \text{if } Y_t = \epsilon.
\end{cases}
\]

**Theorem 1:** [5, Theorem 2], [4, Proposition 1] Consider the finite horizon version of Problem 2 under assumptions (A1) and (A2). The process \( \{Z_t\}_{t=0}^{T} \) is a sufficient statistic at the estimator and an optimal estimation policy is given by

\[
\hat{X}_t = g(Z_t) = Z_t.
\]

In general, the optimal estimation policy depends on the choice of the communication policy and vice-versa. Theorem 1 shows that when the Markov process and the distortion function satisfy appropriate symmetry assumptions, the optimal estimation policy can be specified in closed form. Consequently, we can fix the estimator to be of the above form, and consider the centralized problem of identifying the best communication policy.

**Definition 2:** Let \( E_t = X_t - Z_{t-1} \). The process \( \{E_t\}_{t=0}^{\infty} \) evolves in a controlled Markov manner as follows:

\[
\mathbb{P}(E_{t+1} = n \mid E_t = e, U_t = u) = \begin{cases} P_{0n} & \text{if } u = 1 \\
0 & \text{if } u = 0.
\end{cases}
\]

**Theorem 2:** [5, Theorem 3], [4, Theorem 1] Consider the finite horizon version of Problem 2 under assumptions (A1) and (A2). The process \( \{E_t\}_{t=1}^{T} \) is a sufficient statistic at the sensor and an optimal communication policy is characterized by a sequence of thresholds \( \{k_t\}_{t=1}^{T} \), i.e.,

\[
U_t = f_t(E_t) = \begin{cases} 1, & \text{if } |E_t| \geq k_t \\
0, & \text{if } |E_t| < k_t.
\end{cases}
\]
The optimal policy mentioned above is given by the solution of the following dynamic programming

\[ V_{T+1}(\cdot; \cdot) = 0 \]  (7)

and for \( t = T, \ldots, 0 \)

\[ V_t(e; c) = \min \left\{ c + \sum_{n=-\infty}^{\infty} P_{0n}V_{t+1}(n; c), \ell(e) + \sum_{n=-\infty}^{\infty} P_{en}V_{t+1}(n; c) \right\}. \]  (8)

We are interested in the sensitivity of the optimal policy to a change in the communication cost \( c \). For that reason, we parametrize value function with the communication cost \( c \).

**Lemma 3:** [23, Lemma 5] For all \( t = 1, \ldots, T \), the value function \( V_t(\cdot; \cdot) \) is even and increasing on \( \mathbb{Z}_{\geq 0} \), i.e.,

\[ V_t(-e; c) = V_t(e; c) \leq V_t(e + 1; c), \forall e \in \mathbb{Z}_{\geq 0}. \]

E. Contributions of this paper

Theorem 2 shows that the optimal communication policy is threshold based and, hence, easy to implement. However, we still need to solve an appropriate dynamic program to identify the thresholds. In this paper, we first consider the infinite horizon discounted cost problem. From Theorem 1, the optimal estimation policy is time-invariant. As an intermediate step to study the average cost problem, we first mention the relevant results of [22] for discounted cost problem, which showed that under appropriate conditions the optimal communication policy is time-invariant threshold policy and is given by the fixed point of a dynamic program.

The average cost problem is then studied as an extension to the discounted cost problem as the discount factor goes to 1. Using vanishing discount approach, we give the average cost and the optimal thresholds as functions of the communication cost. We show that the communication index provides the complete characterization of the optimal communication policy for all values of the communication cost.

II. RESULTS FOR THE DISCOUNTED COST SET-UP

A. Dynamic program for infinite horizon set-up

The structural result of Theorems 1 and 2 extend to the infinite horizon set-up. To show that the corresponding optimal policy is time-homogeneous, we assume the following:

(A3) There exists positive and finite constant \( \mu_1 \) and \( \mu_2 \) and a function \( w: \mathbb{Z} \rightarrow \mathbb{R} \) such that for all \( e \in \mathbb{Z} \)

\[ \max \{ c, \ell(e) \} \leq \mu_1 w(e); \]

and

\[ \max \left\{ \sum_{n=-\infty}^{\infty} P_{en}w(n), \sum_{n=-\infty}^{\infty} P_{0n}w(n) \right\} \leq \mu_2 w(e). \]

**Theorem 4:** [22] Consider Problem 2 under assumptions (A1), (A2) and (A3). The process \( \{E_t\}_{t=1}^{\infty} \) is a sufficient statistic at the sensor and an optimal communication policy is characterized by a time-invariant threshold \( k \), i.e.,

\[ U_t = f(E_t) = \begin{cases} 1, & \text{if } |E_t| \geq k \\ 0, & \text{if } |E_t| < k. \end{cases} \]  (9)

The optimal policy mentioned above is given by the unique fixed point of the following dynamic programming

\[ V(e; c) = \min \left\{ c + \beta \sum_{n=-\infty}^{\infty} P_{0n}V(n; c), \ell(e) + \beta \sum_{n=-\infty}^{\infty} P_{en}V(n; c) \right\}. \]  (10)

We are interested in the sensitivity of the optimal policy to a change in the communication cost \( c \). For that reason, we parametrize value function with the communication cost \( c \).

B. Performance of a threshold policy

Let \( F \) denote the class of all time-homogeneous threshold-based policies of the type (9). Let \( f_k \in F \) denote the policy with threshold \( k, k \in \mathbb{N} \), i.e.,

\[ f_k(e) = \begin{cases} 1, & \text{if } |e| \geq k \\ 0, & \text{if } |e| < k. \end{cases} \]

Let \( W_k(e; c) \) denote the performance of policy \( f_k \) when the system starts in state \( e \) and has a communication cost \( c \). From standard results in Markov decision processes, \( W_k \) is the unique fixed point of the following fixed point equation:

\[ W_k(e; c) = \left\{ c + \beta \sum_{n=-\infty}^{\infty} P_{0n}W_k(n; c), \quad \text{if } |e| \geq k, \right. \]

\[ \ell(e) + \beta \sum_{n=-\infty}^{\infty} P_{en}W_k(n; c), \quad \text{if } |e| < k \]  (11)

Define square matrices \( P^{(k)} \) and \( Q^{(k)} \) and a column vector \( \ell^{(k)} \) indexed by \( I^{(k)} = \{-k+1, \ldots, k-1\} \) as follows:

\[ P^{(k)}_{ij} = P_{ij}, \quad i, j \in I^{(k)}; \]  (12)

\[ Q^{(k)} = [I_{2k-1} - \beta P^{(k)}]^{-1}; \]  (13)

\[ \ell^{(k)} = [\ell(-k+1), \ell(-k+2), \ldots, \ell(k-2), \ell(k-1)]^T. \]  (14)

**Lemma 5:** [23] For all \( n \in \mathbb{N} \),

\[ \left( \langle P^{(k)}_0 \rangle_n, 1_{2k-1} \right) < \left( \langle P^{(k+1)}_0 \rangle_n, 1_{2k+1} \right), \]  (15)

\[ \left( \langle P^{(k)}_0 \rangle_n, \ell^{(k)} \right) < \left( \langle P^{(k+1)}_0 \rangle_n, \ell^{(k+1)} \right). \]  (16)

Let \( \tau_k \) denote the stopping time when the Markov process starting at state 0 at time \( t = 0 \) enters the set \( \{e \in \mathbb{Z} : |e| \geq k\} \). Define \( L_k \) and \( T_k \) as follows

\[ L_k = E \left[ \sum_{t=0}^{\tau_k-1} \beta^t \ell(E_t) \left| E_0 = 0 \right. \right] \]

and

\[ T_k = \frac{1 - E[\beta^{\tau_k}]}{1 - \beta}. \]
There exists a reference state

Lemma 6: [22]
1) \( W_k(0; c) \) can be written as
   \[ W_k(0; c) = \frac{L_k + c}{1 - \beta} T_k - c \]  
   (17)

2) \( L_k \) and \( T_k \) defined above can be expressed in a closed form as follows:
   \[ L_k = \langle Q_0^{(k)}, \ell^{(k)} \rangle; \]  
   \[ T_k = \langle Q_0^{(k)}, 1_{2k-1} \rangle; \]  
   (18) (19)

where \( Q_0^{(k)} \) denotes the row with index 0 in \( Q^{(k)} \). Substituting these in (17), we get a closed form expression of \( W_k(0; c) \).

3) \( T_k < T_{k+1} \) and \( L_k < L_{k+1} \).

Lemma 7: [22] The value function \( V(e_t; \cdot) \), as given in (10), is a piece-wise linear and concave function of \( c \) for all \( e \in \mathbb{Z} \).

C. Characterization of optimal policy

(A4) \( L_k/T_k \) is increasing in \( k \).

Theorem 8: [22] Define \( c_k \) as
   \[ c_k = \left( \frac{L_{k+1}}{T_{k+1}} - \frac{L_k}{T_k} \right) \left/ \left( \frac{1}{T_k} - \frac{1}{T_{k+1}} \right) \right. \]  
   (20)

Suppose (A4) holds and \( \{c_k\}_{k=1}^{\infty} \) is an increasing sequence. Then, for all \( c \in (c_k, c_{k+1}] \) such that \( c_k \neq c_{k+1} \), the policy \( f_{k+1} \) is discounted cost optimal.

III. MAIN RESULTS FOR THE AVERAGE COST SET-UP

We follow the vanishing discount approach and show that the optimal policy for the average cost set-up is given as a limit of the discounted cost set-up as the discount factor \( \beta \to 1 \). This approach relies on the following theorem. Note that to capture the dependence of the discount factor, in the sequel we use the subscript or superscript \( \beta \) with \( W_{\beta,k} \), \( Q^{(\beta,k)} \), \( L_{\beta,k} \), \( T_{\beta,k} \), and \( c_{\beta,k} \).

Theorem 9: [24, Theorem 7.2.3] Let \( V_{\beta} \) and \( g_{\beta} \) be the value function and optimal policy for a countable state MDP for the discounted cost set-up with discount factor \( \beta \). Suppose the value function \( V_{\beta} \) satisfies the following SEN conditions.

(S1) There exists a reference state \( e_0 \in \mathbb{Z} \), such that \( (1 - \beta)V_{\beta}(e_0) < \infty \) for all \( \beta \in (0, 1) \).

(S2) Define \( h_{\beta}(e) = V_{\beta}(e) - V_{\beta}(e_0) \). There exists a function \( M : \mathbb{Z} \to \mathbb{R} \) such that \( h_{\beta}(e) \leq M(e) \) for \( e \in \mathbb{Z} \) and \( \beta \in (0, 1) \).

(S3) There exists a nonnegative (finite) constant \( L \) such that \( -L \leq h_{\beta}(e) \) for \( e \in \mathbb{Z} \) and \( \beta \in (0, 1) \).

Then,

i) The optimal average cost is given by
   \[ J = \lim_{\beta \to 1^-} (1 - \beta)V_{\beta}(e). \]  
   (21)

The limit exists and does not depend on \( e \).

ii) Let \( g \) be any limit point of \( g_{\beta} \). Then \( g \) is average cost optimal.

We will show that the value functions in the discounted cost set-up derived in Section II satisfy the SEN conditions. To show that, we introduce the notion of a \( z \)-standard policy.

Definition 3: Consider a Markov chain with state space \( \mathcal{X} \). For \( i, j \in \mathcal{X} \), let \( m_{ij} \) denote the expected time to go from \( i \) to \( j \) for the first time and \( c_{ij} \) denotes the expected cost of a first passage from \( i \) to \( j \). A Markov chain is called \( z \)-standard, \( z \in \mathcal{X} \), if \( m_{ij} < \infty \) and \( c_{ij} < \infty \) for all \( i \in \mathcal{X} \).

Definition 4: Let \( d \) be a (possibly randomized) stationary policy for a Markov decision process. Then \( d \) is a \( z \)-standard policy if the Markov chain induced by \( d \) is \( z \)-standard.

Lemma 10: The policy \( f_0 \) is 0-standard.

Proof: The policy \( f_0 \) is essentially an ‘always transmit’ policy. Then, for any starting state \( e \), the induced Markov chain goes to the state 0 instantaneously and then goes to some next state \( n \) with probability \( P_{0n} \). Hence we have \( m_{e0} < \infty \). Also, the expected cost is given by \( c_{e0} = \frac{e}{1 - \beta} < \infty \). Hence, \( f_0 \) is 0-standard.

Proposition 11: The value function \( V_{\beta} \) (defined by (10)) satisfies SEN conditions.

Proof: Proposition 7.5.3 of [24] states that if there exists a \( z \)-standard policy, then (S1)-(S2) hold for reference state \( z \). Hence in our model (S1)-(S2) hold for reference state 0. Furthermore, an immediate consequence of Lemma 3 that \( V_{\beta}(e) \geq V_{\beta}(0) \). Hence (S3) holds for \( L = 0 \).

Let \( J(c) \) denote the optimal average cost when the communication cost is \( c \). Since our model satisfies the SEN conditions (Proposition 11), the optimal average cost \( J(c) \) and an optimal policy are given by Theorem 9. In particular

\[ J(c) = \lim_{\beta \to 1^-} (1 - \beta)V_{\beta}(0). \]  
   (22)

Theorem 8 gives the value of communication costs for which policy \( f_{k+1} \) is optimal. Proposition 11 gives the corresponding value function (which equals \( W_{\beta,k} \)). In the next section, we combine these two results to identify a closed form expression for \( J(c) \) and the optimal policy.

A. Structure of optimal policies

Recall the definition of \( P^{(k)} \) and \( \ell^{(k)} \) given by (12) and (14) and define
\[ \bar{Q}^{(k)} = [I_{2k-1} - P^{(k)}]^{-1}. \]

Note that \( \bar{Q}^{(k)} \) exists since \( P^{(k)} \) is substochastic [25]. Define
\[ \bar{L}_k = \langle \bar{Q}_0^{(k)}, \ell^{(k)} \rangle \]  
   (23)
\[ \bar{T}_k = \langle \bar{Q}_0^{(k)}, 1_{2k-1} \rangle \]  
   (24)
where $Q_0^{(k)}$ denotes the row with index 0 in $Q^{(k)}$ and
\[
\bar{c}_k = \left( \frac{\bar{L}_{k+1}}{T_{k+1}} - \frac{\bar{L}_k}{T_k} \right) \left/ \left( \frac{1}{T_k} - \frac{1}{T_{k+1}} \right) \right. .
\] (25)

Note that $\bar{c}_k$ is well-defined as the following lemma holds.

**Lemma 12:** $\bar{L}_k < \bar{L}_{k+1}$ and $\bar{T}_k < \bar{T}_{k+1}$.

**Proof:** Since $P^{(k)}$ is a sub-stochastic matrix, $Q^{(k)}$ exists and is given by
\[
Q^{(k)} = I + P^{(k)} + (P^{(k)})^2 + \cdots .
\] (26)

Thus,
\[
\bar{T}_k = \left< Q_0^{(k)}, 1_{2k-1} \right> = \left< I_0, 1_{2k-1} \right> + \left< P_0^{(k)}, 1_{2k-1} \right> + \cdots \]
\[
\bar{L}_k = \left< Q_0^{(k)}, \ell^{(k)} \right> = \left< I_0, \ell^{(k)} \right> + \left< P_0^{(k)}, \ell^{(k)} \right> + \cdots \] (27)

The result follows from (27), (28) and Lemma 5. ■

**Lemma 13:** We have the following
(i) $\lim_{\beta \rightarrow 1^-} Q^{(\beta,k)} = \bar{Q}^{(k)}$
(ii) $\lim_{\beta \rightarrow 1^-} L_{\beta,k} = \bar{L}_k$
(iii) $\lim_{\beta \rightarrow 1^-} T_{\beta,k} = \bar{T}_k$
(iv) $\lim_{\beta \rightarrow 1^-} c_{\beta,k} = \bar{c}_k$.

**Proof:** (i) follows from the continuity of $Q^{(\beta,k)}$ in $\beta$; (ii) and (iii) follow from (i) and the continuity of inner product; since $c_{\beta,k}$ is continuous in $\beta$, (iv) follows from (ii) and (iii). ■

**Theorem 14:** Suppose that (A4) holds and $\{\bar{c}_k\}$ is increasing. Then for all $c \in (\bar{c}_k, \bar{c}_{k+1}]$, the policy $f_{k+1}$ is optimal and corresponding average cost is given by
\[
J(c) = \frac{\bar{L}_{k+1} + c}{\bar{T}_{k+1}} .
\] (29)

**Proof:** Consider a $c \in (\bar{c}_k, \bar{c}_{k+1}]$. From Lemma 13, it follows that $\exists \beta^* \in (0,1)$ such that $\forall \beta \in (\beta^*,1), c \in (c_{\beta,k}, c_{\beta,k+1}]$. By Theorem 8, the policy $f_{k+1}$ is optimal for $\beta \in (\beta^*,1)$. Hence, by Theorem 9 (ii), the policy $f_{k+1}$ is also optimal for the average cost set-up.

Since policy $f_{k+1}$ is optimal for $\beta \in (\beta^*,1)$, the value function is given by $V_{\beta,k+1}(c; c)$. By Theorem 9 (i) and (17), we get that
\[
J(c) = \lim_{\beta \rightarrow 1^-} (1 - \beta) V_{\beta,k+1}(0; c) = \frac{\bar{L}_{k+1} + c}{\bar{T}_{k+1}} .
\]

**Proposition 15:** $J(c)$ is piece-wise linear, increasing and concave in $c$.

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**Proof:** From the expression of $J(c)$ as given in (29), we see that $J(c)$ is a linear and increasing in $c$, for all $c \in (\bar{c}_k, \bar{c}_{k+1})$. Also, from Theorem 14 we have that
\[
J(\bar{c}_k^-) = \frac{\bar{L}_k + \bar{c}_k}{\bar{T}_k} ,
\]
\[
J(\bar{c}_k^+) = \frac{\bar{L}_{k+1} + \bar{c}_k}{\bar{T}_{k+1}} .
\]

Following (25), we have that $J(\bar{c}_k^-) = J(\bar{c}_k^+)$ and hence $J(\cdot)$ is a continuous function of $c$.

Now, let us consider two consecutive intervals $(\bar{c}_k, \bar{c}_{k+1})$ and $(\bar{c}_{k+1}, \bar{c}_{k+2}]$. We know that
\[
J(c_{k+2}) = \frac{\bar{L}_{k+2} + \bar{c}_{k+2}}{\bar{T}_{k+2}} .
\]

Hence, the slope of $J$ in $(\bar{c}_k, \bar{c}_{k+1}]$ is given by
\[
\frac{J(c_{k+2}) - J(c_{k+1})}{c_{k+2} - c_{k+1}} = \frac{1}{\bar{T}_{k+2}} .
\]

Similarly, we have that the slope of $J$ in $(\bar{c}_{k+1}, \bar{c}_{k+2}]$ is $1/\bar{T}_{k+2}$. Since by Lemma 12 $\bar{T}_{k+1} < \bar{T}_{k+2}$, we have that the slope of $J$ is decreasing in $c$. This completes the proof. ■

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**IV. AN EXAMPLE: APERIODIC, SYMMETRIC BIRTH-DEATH MARKOV CHAIN**

Consider a birth-death Markov chain, shown in Fig. 1, with transition probabilities as follows:
\[
P_{ij} = \begin{cases} 
p_i & \text{if } j = i + 1, i - 1 
1 - 2p_i & \text{if } j = i 
0 & \text{otherwise.}
\end{cases}
\]

where $p \in (0, \frac{1}{2})$. Let the distortion function $\ell(\cdot)$ to be $\ell(e) = |e|$. Note that $P$ and $\ell$ satisfy (A1) and (A2).
**Lemma 16:** (A3) is always satisfied for the above model. The values of the function \( w(\cdot) \) and the parameters \( \mu_1 \) and \( \mu_2 \) are given by:

\[
\begin{align*}
  w(e) &= \max\{c, \ell(e)\}, \mu_1 = 1, \\
  \mu_2 &= \max\{1 - 2p + 2p/c, \ell(2)\}
\end{align*}
\]

**Proof:** The result may be verified separately for \( \ell(e) = \mathbb{1}\{e \neq 0\} \) and \( \ell(e) = |e|^d \) by substitution.

Since (A3) is satisfied, the optimal communication policy is a time-homogeneous threshold policy. Hence, the frame
- \[ \mu_1 \] and \[ \mu_2 \] which in turn depend on the matrix \( Q^{(\beta, k)} \). Since, \( Q^{(\beta, k)} \) is the inverse of a tridiagonal symmetric Toeplitz matrix, an explicit formula for its elements is available [26].

**Lemma 17:** Define \( D = -2 - (1 - \beta)/(\beta p) \) and \( \lambda = \cosh^{-1}(-D/2) \). As \( \beta \to 1^- \), we have

\[
D = \lim_{\beta \to 1^-} D = -2.
\]

Then \( \bar{Q}^{(k)} \) is given by

\[
\bar{Q}^{(k)}_{ij} = \frac{(2k + i + j - |i - j|)(2k - i - j - |i - j|)}{8kp}, \quad (30)
\]

where \( i, j \in \mathbb{Z}^{(k-1)} \). In particular \( \bar{Q}_{0j}^{(k)} \) is given by:

\[
\bar{Q}_{0j}^{(k)} = \frac{(2k + j - |j|)(2k - j - |j|)}{8kp}. \quad (31)
\]

**Proof:** The matrix \( I_{2k-1} - P^{(k)} \in \mathbb{R}^{2k-1 \times 2k-1} \) is a symmetric tridiagonal matrix given by

\[
I_{2k-1} - P^{(k)} = -p
\]

\[
\begin{bmatrix}
  D & 1 & 0 & 0 & \cdots & 0 \\
  1 & D & 1 & 0 & \cdots & 0 \\
  0 & 1 & D & 1 & \cdots & 0 \\
  0 & \cdots & 1 & D & 1 & \cdots \\
  \vdots & \ddots & \ddots & \ddots & \ddots & \ddots \\
  0 & \cdots & 0 & 1 & D & 1 \\
  0 & \cdots & \cdots & 0 & 1 & D
\end{bmatrix}
\]

Then \( \bar{Q}^{(k)} \) is the inverse of the above matrix. The inverse of tridiagonal Toeplitz matrix in the above form are computed in closed form in [26].

Following [26], we get the result of the lemma as a limiting case of the \( Q^{(\beta, k)} \) by solving finite difference equation associated with the one-dimensional Poisson equation with Dirichlet boundary conditions for the case \( D = -2 \), i.e. for \( \lambda = 0 \).

**Lemma 18:** For the above birth-death Markov chain with \( \ell(e) = |e| \),

\[
\begin{align*}
  \bar{L}_k &= \frac{k(k^2 - 1)}{6p}, \quad (32a) \\
  \bar{T}_k &= \frac{k^2}{2p}, \quad (32b) \\
  \bar{c}_k &= \frac{k(k + 1)(k^2 + k + 1)}{6p(2k + 1)}, \quad (32c)
\end{align*}
\]

**Proof:** Combining the results of Lemmas 6 and 17, we get that

\[
\begin{align*}
  L_k &= \sum_{e=-k+1}^{k-1} Q_{0e}^{(k)} \ell(e), \\
  T_k &= \sum_{e=-k+1}^{k-1} \bar{Q}_{0e}^{(k)},
\end{align*}
\]

where \( Q_{0e}^{(\beta, k)} \) is given by (31). Simplifying the above expressions we get (32a) and (32b). (32c) is obtained by plugging these expressions for \( L_k \) and \( T_k \) in (25).

**Lemma 19:** For the above birth-death Markov chain with \( \ell(e) = |e| \), \( \bar{c}_k \) is increasing in \( k \).

**Proof:** Using (32c) we have

\[
\bar{c}_{k+1} - \bar{c}_k = \frac{(k + 1)(6k^3 + 20k^2 + 16k + 6)}{6p(2k + 3)(2k + 1)}.
\]

Hence \( \bar{c}_{k+1} \geq \bar{c}_k \) since \( k \in \mathbb{Z}_{\geq 0} \).

For the above birth-death Markov chain, the average cost \( J(\cdot) \) is piece-wise linear, increasing and concave function of the communication cost \( c \) which is shown in Fig. 2. The values of the corresponding \( \bar{c}_k \) are shown in the abscissa (\( \bar{c}_1 = 1.11 \) is not shown due to dearth of space).

![Fig. 2. The plot of average cost as a function of communication cost for the example with \( p = 0.3 \).](image)

**V. Conclusion**

In this paper, we study a remote sensing problem with communication cost and investigate the average cost optimization problem. We follow vanishing discount approach and extend the results of infinite horizon discounted cost problem to obtain the desired results. We obtain an explicit characterization of the communication indices that represent the value of communication cost for which one is indifferent between two consecutive threshold policies. We provide closed form expressions of these communication thresholds and use them to completely characterize the optimal communication policy for all values of the communication cost.
REFERENCES


