

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Service Performance Measurement)
Systems For Market Dominant Products)

Docket No. PI2008-1

PUBLIC REPRESENTATIVE COMMENTS ON
UNITED STATES POSTAL SERVICE
JUNE 2008 SERVICE PERFORMANCE MEASUREMENT PLAN
FOR MARKET-DOMINANT PRODUCTS
(July 10, 2008)

Pursuant to the Commission's second notice of request for comments,¹ the Public Representative hereby files comments on the United States Postal Service's June 2008 Service Performance Measurement plan.² The Commission's second notice directed that comments "on any or all aspects of the Postal Service's proposed service performance measurement systems and reporting systems."

The Commission's second notice indicates that the June 2008 version of the Service Performance Measurement plan is the result of the Postal Service's continuous refinement of the November 2007 draft plan after working with external measurement vendors and working through the implementation of the internal intelligent Mail Barcode (IMB) system. The Commission now requests comments to aid in developing its reply

¹ "Second Notice of Request for Comments on Service Performance Measurement Systems for Market Dominant Products" (Order No. 83), June 18, 2008.

² "United States Postal Service, Service Performance Measurement," June, 2008. The June 2008 Proposal is attached to the Second Notice. The "Public Representative" representing the interests of the general public in this proceeding was designated in Order No. 48, December 4, 2007.

to the Postal Service's earlier request for approval of certain internal performance measurement systems,³ and to help the Commission meet its performance measurement responsibilities under the Postal Accountability and Enhancement Act (PAEA).

DISCUSSION

Neither the Commission's second notice nor the June 2008 Proposal indicate what modifications have been made to the original November 2007 Proposal. Review of the June 2008 Proposal indicates there have been no substantive modifications of the original Proposal to utilize internal measurement systems in lieu of external measurement systems for several classes or subclasses of mail and mail products. For the most part, the June 2008 modifications appear to provide greater specificity for the implementation dates of some measurement systems, particularly the dates for full implementation of the IMB system of measurement. Generally, the implementation dates have been extended as necessary to implement the IMB system and to provide opportunity for customers to switch to the full IMB system.

Because the 2008 Proposal does not modify the proposed performance measurement systems, and does not propose any new measures of performance, the previous comments and reply comments filed by the Public Representative remain relevant and valid for the Commission's consideration.⁴ The Public Representative's

³ "United States Postal Service, Service Performance Measurement," November, 2007, filed December 4, 2007.

⁴ "Public Representative Comments in Response to Notice of Request for Comments on Service Performance Measurement Systems for Market-Dominant Products," January 18, 2008; "Public

January 2008 comments covered three major areas of concern and offered suggestions for improvements of the planned performance measurement systems. The initial comments suggested: (1) measuring performance for forwarded mail even though the Postal Service has declined, contrary to the recommendations of the MTAC Workgroup # 114 report, to establish a service standard for the delivery time of forwarded mail; (2) more thorough polling and analysis of customer satisfaction, including those customers with physical impairments; and (3) establishing a quality of service performance index to simplify and objectify the overall measure of performance over time. In addition, the comments provided a section-by-section analysis of the Service Performance Measurement document. The Public Representative's reply comments, filed February 1, 2008, discussed the exclusion of data, critical entry times, collection box pick-up times, start-the-clock, and reporting issues. Both the initial and reply comments remain valid.

It should be noted, however, that the Postal Service has added a qualification to its proposal in Section 3.4 of the June 2008 Plan to use a proxy to measure performance of First-Class Mail Presort Flats. The proposal to use First-Class machine-addressed flats as a proxy was criticized by the Public Representative in the previous January section-by-section comments as having not been adequately justified by the Postal Service. (Comments at 34-35.) The Postal Service now indicates that if the external contractor determines there is sufficient a volume of those presort flats, the measurement system used for presort letters may be employed rather than a proxy. (Plan at 16). Hopefully, sufficient volume will be available to permit a more direct

measurement of the First-Class Presort Flats. The Commission may wish to follow-up on this aspect of the plan at a later time to determine whether sufficient volumes are available for independent measurement.

One additional comment is necessary. Recently, the Postal Service reported to Congress its Network Plan, dated June 2008, which addresses the establishment of performance goals.⁵ Section 302 of the PAEA provides, *inter alia*, (a) **In general.**— Within 6 months after the establishment of the service standards [established in December 2007], the Postal Service shall, in consultation with the Postal Regulatory Commission, develop and submit to Congress a plan for meeting those standards. (b) **Contents.** The plan under this section shall – (1) establish performance goals....”

The Network Plan produced in consultation with the Commission and published by the six month deadline and reported to Congress establishes only a performance goal of “continuous Improvement” (Plan at 7), but does not establish specific performance goals for each performance standard. The Network Plan explains that systemwide historical service standard achievement data does not presently exist, but provides that, “Nevertheless the Postal Service is committed to establishing FY 2009 service standard targets before the conclusion of FY 2008.” It is anticipated and expected that the targets will be in the form of percentage achievement goals such as 95 percent, or 98 percent, or even 99 percent performance during the period of time

⁵ “Postal Accountability and Enhancement Act §302 Network Plan,” United States Postal Service, June 2008.

measured, rather than more amorphous “targets” such as “improvement over the prior period” which, in some cases, may be as low as 60 percent or lower.⁶

The external and internal measurement systems proposed by the Postal Service in this docket will involve some cost and expand the amount of service performance information available to the mailing public and the Postal Service. It is important that the additional mailing information is utilized to its maximum effect. With the establishment of percentage performance goals approaching the 100 percent mark, performance must be measured with a high degree of accuracy. This will require continuous and scientific measurement. Accordingly, the internal Service Performance Measurement systems being reviewed by the Commission in this docket must anticipate the performance goals to be established by the end of this fiscal year. The measurement systems approved must be designed to be sufficiently robust to accurately determine whether the service standard performance of the Postal Service is achieving established goals.

Once the performance goals have been established there should be a process to review the total package made up of the constituent parts of service standards, measurement systems and performance goals. The Public Representative urges the Commission to undertake in the near future a retrospective review of the total package to assess whether the delivery performance and information needs of mailers will be and are being met.

The Public representative respectfully submits the foregoing comments in response to the second notice for the Commission’s consideration.

⁶ See MTAC Workgroup # 114, *Final Recommendations Report*, September 20, 2007 at 24, 35, and 45-46,

Respectfully submitted,

Kenneth E. Richardson
Public Representative

901 New York Ave, NW Suite 200
Washington, D.C. 20268-0001
(202) 789-6859; Fax (202) 789-6891
e-mail: richardsonke@prc.gov