

**BEFORE THE POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001**

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**Periodic Reporting of Service  
Performance Measurements and  
Customer Satisfaction**

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**Docket No. RM2009-11**

**COMMENTS OF BANK OF AMERICA CORPORATION**

The Bank of America Corporation (the Bank) respectfully submits these comments in response to Postal Regulatory Commission (PRC) Order No. 292.<sup>1</sup> The Bank appreciates the opportunity to comment on the proposed rules for service performance reporting requirements for market dominant products under the Postal Accountability and Enhancement Act (PAEA). The Bank generally mails First-Class Mail letters (e.g., statements) and Standard Regular letters, both to existing and prospective customers. The Bank also processes a large volume of consumer and commercial remittance mail (generally mailed as Single-Piece Letters) on behalf of its customers.

The Bank was an active participant in Mailers' Technical Advisory Committee ("MTAC") workgroup 114, *Establish Service Standards and Measurement* (formed February 2007), and submitted comments in Docket Nos. PI2007-1 and PI2008-1.<sup>2</sup> Like other financial institutions, knowing the actual time-to-delivery of the mail services is necessary to allow the Bank to plan its mail production and entry schedules to avoid delivery that is premature or untimely. The ability to reliably predict delivery times is especially important for financial

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<sup>1</sup> Docket No. RM2009-11, Notice of Proposed Rulemaking on Periodic Reporting of Service Performance Measurements and Customer Satisfaction (September 2, 2009).

<sup>2</sup> Docket No. PI2007-1, Comments of Bank of America Corporation (July 16, 2007); Docket No. PI2008-1, Comments of Bank of America Corporation (January 18, 2008).

institutions, which are subject to regulatory constraints on the timing of our bills, account statements, and other communications. Service performance information also helps identify and resolve issues. The Bank encourages the Postal Service to leverage this information to improve its service performance.<sup>3</sup>

While the Bank supports the PRC-proposed service performance reporting requirements, the needs of business customers exceeds what is necessary for regulatory purposes. In addition to the proposed reporting requirements, the Commission should encourage the Postal Service to provide mailers with access to aggregate raw data – “[a]llowing mailers to access aggregate raw data is much less costly than requiring the USPS to develop and distribute detailed measurement data reports.”<sup>4</sup>

The Bank agrees with the Commission that the Postal Service is required to report service performance by product. *See* Order No. 292 at 8. Reporting performance for *each market-dominant product* is mandated by Section 3652(a) of the PAEA, which states:

Except as provided in subsection (c), the Postal Service shall, no later than 90 days after the end of each year, prepare and submit to the Postal Regulatory Commission a report...

(2) which shall, for *each market-dominant* product provided in such year, provide...

(B) measures of the quality of service afforded by the Postal Service in connection with such product, including—(i) the level of service (described in terms of speed of delivery and reliability) provided. (*Emphasis added*)

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<sup>3</sup> As previously recommended, “an iterative process should be devised and implemented for incrementally improving mail delivery performance. We suggest that the Postal Service consider using Six Sigma tools to manage the evolutionary process of setting, meeting and exceeding performance goals. The Six Sigma structure ensures that stakeholders are engaged; and the ‘Voice of the Customer’ is an important driver in any project.” Docket No. PI2007-1, Comments of Bank of America Corporation (July 16, 2007) at 2.

<sup>4</sup> Docket No. PI2007-1, Comments of Bank of America Corporation (July 16, 2007) at 3.

Additionally, product-level reporting would provide mailers with better information to predict delivery times and better information to communicate with individual citizen customers regarding their mail.<sup>5</sup> Like most mailers, the Bank makes disproportionate use of a particular product within each class of mail it uses. Class-level reporting, the approach that generally has been used by the Postal Service, only provides useful information on the actual service provided for a particular product if service performance does not vary within a class. This is not the case. For example, in the third quarter of FY 2009, the on-time service performance of Presort First-Class Mail was much worse than for Single-Piece First-Class Mail.<sup>6</sup>

The Bank also strongly supports proposed rules 3055.2(e), 3055.5, and 3055.31(d)-(e), which would require the Postal Service to (1) document the methods used to measure performance, develop reported data from measured data, and aggregate reported data; and (2) provide advance notice of changes to measurement systems, service standards, service goals, and reporting methodologies. Full documentation of the measurement approach is necessary to allow both individual and business customers to properly interpret the performance reports and plan their production processes.<sup>7</sup> Also, the process used to aggregate data can have a substantial effect on reported performance. As illustrated by Table 1 below, the unweighted FY 2009, Quarter 3 on-time performance results for Presort First-Class Mail differed substantially from the

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<sup>5</sup> Separate reporting of on-time service performance for Overnight, Two-Day, and Three-Day to Five-Day mail within First-Class Mail and of on-time Service performance for Destination Entry (2-day to 4-day), Destination Entry (5-day to 10-day), End-to-End (3-day to 5-day), and End-to-End (6-day to 22-day) within Standard Mail will also aid mailers in predicting delivery times. The final rules, however, should shed additional light on the “Tail of the Mail” by requiring the Postal Service to report mail variance until delivery reaches 99 percent. Docket No. PI2008-1, Comments of Bank of America Corporation (January 18, 2008) at 4.

<sup>6</sup> First-Class Mail Service Performance Reports downloaded from <http://www.usps.com/serviceperformance> (October 14, 2009).

<sup>7</sup> Proposed rule 3055.2 should be expanded to include two additional requirements. First, it should include an explicit requirement that all critical entry times (CETs) used in the service performance measurement system be reported and subject to the notice requirements specified in proposed rule 3055.5. Second, in instances where service goals were not met, the Postal Service should be required to explain why and how it plans to meet the goals in the future. Docket No. 2008-1 Initial Comments of the Association for Postal Commerce Joined by The Direct Marketing Association (January 18, 2008) at 8.

weighted results.<sup>8</sup> Not having access to the volume information used to weight performance has precluded meaningful analysis regarding which figures to believe. Full transparency will allow the Commission and interested parties to ensure that data is properly aggregated to represent Area and national performance.

**Table 1. FY 2009, Quarter 3 Presort First-Class Mail On-Time Performance**

	<b>Overnight</b>	<b>Two-Day</b>	<b>3-Day to 5-Day</b>
Unweighted	94.2%	91.3%	85.5%
Weighted	87.4%	86.4%	88.4%
Difference	6.8%	4.9%	(2.9%)

In addition to its support for the proposed rules, the Bank continues to share recommendations regarding service performance reporting. First, while not identified as a distinct product in the mail classification schedule, the Postal Service should measure and report service performance for remittance mail containing payments separately from other First-Class Mail.<sup>9</sup> This is an important, high-volume mailstream with unique service characteristics.

Remittance mail represents approximately 40 percent of First Class Mail volume with payments representing at least 25 percent of that.<sup>10</sup> Simply based upon its sheer volume, this mailstream deserves an officially recognized reporting system. Also, while First-Class Mail Presort Letter and Card performance may reasonably approximate the service provided for statements and correspondence mailings, no product is a reasonable proxy for payment mail.

<sup>8</sup> For one Postal Area, on-time performance results diverged much more significantly than did national performance.

<sup>9</sup> While the PAEA requires that service be reported by product, it does not preclude more detailed reporting. Just as the Commission proposes that Standard Mail performance, for example, be reported separately for destination-entered and origin-entered mail, it could require the Postal Service to separately report performance for remittance mail containing payments.

<sup>10</sup> For transactions mail sent and received by households, *see* FY 2008 USPS Household Diary Study at 29.

Payments are generally sent to companies with unique ZIP Codes and that utilize services like caller service and frequent courier pickup to ensure timely delivery. These distinct service characteristics of payment mail make Single-Piece Letter and Cards a poor proxy.

Reporting service performance for payment mail would be particularly valuable to consumers, who would be able to use it as a guide for when they should mail their bill payments. This added value would indirectly benefit the Postal Service by helping it retain additional bill payments in the mailstream. Furthermore, reporting service performance for this important mailstream should not impose significant additional costs because the Postal Service already measures remittance mail service performance.

The Postal Service tests remittance mail performance from over 150 originating facilities destined for 36 three-digit ZIP Code remittance cities. This effort is designed to measure end-to-end processing and mail flow hours between facilities, and generate data that assists the Postal Service in taking the type of corrective action that improves overall remittance mail performance.

The tests are conducted by "seeding" incoming remittance mail with internally generated PLANET Code labels. Nightly, each originating facility is required to seed three collection mail pieces going to each of the destinating three-digit ZIP Codes. Postal Service operations and intelligent mail groups are conducting these quarterly tests to identify opportunities for further improvements to remittance mail service. The groups are also currently reviewing operations to determine how quickly the remittance mail is processed upon arrival at each plant.<sup>11</sup>

The results of these tests, however, are not publicly reported. Even if the Commission does not require the Postal Service to report service performance information for remittance mail in the same format as for products identified in the mail classification schedule, the Postal Service should report the results of these remittance mail performance tests.

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<sup>11</sup> <http://www.usps.com/remittancemail/news.htm>

Second, the final rule should include an effective date on which the Postal Service must comply with the proposal. In view of the Postal Service's current fiscal issues and the fact that many of the processes and systems are not yet in place to support the intended measurement approach;<sup>12</sup> the Bank does not believe that the Postal Service should be required to report performance in the proposed format immediately. However, a clear implementation timeline would benefit all stakeholders and would facilitate a smooth transition into full compliance.

Third, the Bank's experience in developing service performance database and reports suggests that the costs of implementing the proposed rules should not be prohibitive for an organization the size of the Postal Service. However, there may be aspects of the proposed reporting requirements that impose high costs on the Postal Service with little incremental value. The Commission should be open to modifying its rules, after providing an opportunity for interested parties to comment, in those instances. The Bank expects the Postal Service to highlight rules that it believes are burdensome in its initial comments. The Bank looks forward to participating in the conversation on which requirements, if any, should be modified to reduce burden.

Finally, given the newness of the systems and procedures used to measure service performance; the need for them to evolve over time; and their reliance on operational data generated throughout the postal network, the Commission should continue to play an ongoing and active role in ensuring timely, representative, and high quality reporting.

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<sup>12</sup> For example, in FY 2009, Quarter 3, "[p]rocesses and systems were not in place to support the intended start-the-clock business rules defined in the Service Performance Measurement plan published in June 2008." Standard Mail Service Performance Report downloaded from <http://www.usps.com/serviceperformance> (October 14, 2009).

For presorted letters and flats, a hybrid service performance measurement system will collect certain service performance information for mail prepared according to Full-Service Intelligent Mail barcode (IMb) requirements. The actual service provided for mail prepared in this manner may not be representative of the service provided for the product as a whole. Thus, as the Bank has previously stated, “[w]e strongly urge that the implementation of regular third-party audits of the service performance measurement systems to ensure that data used for service performance measurement continue to be accurate and representative of the product mailstream being measured.”<sup>13</sup>

Also, operational data are never perfect. For example, while Confirm is more mature than many other components of the USPS performance measurement system,<sup>14</sup> even Confirm scan rates on pieces that the Postal Service should process on automation (i.e., automation letters and flats) do not reach 100 percent and can be substantially less. Furthermore, Confirm still has data quality problems with some of the scan information that is received. Thus, for operational systems, the use of appropriate quality control and data cleaning procedures is particularly important and should be reviewed by the Commission.<sup>15</sup>

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<sup>13</sup> Docket No. PI2007-1, Comments of Bank of America Corporation (July 16, 2007) at 3.

<sup>14</sup> Quality control is particularly important for less mature systems, such as those that will be put in place to support the intended start-the-clock business rules.

<sup>15</sup> In its order promulgating final rules, the Commission should also encourage the Postal Service to prioritize the auditing of service measurement systems and procedures. An independent, third-party auditor should also examine the measurement and reporting system from the perspective of information security. Pulling together previously disconnected information to measure performance could increase the vulnerability of the systems and information contained therein. *See* Docket No. PI2008-1 Comments of Bank of America Corporation (January 18, 2008) at 1.

Subject to the foregoing comments, the Bank supports the proposed rules for service performance reporting requirements for market dominant products as an important first step toward improving the quality, accuracy, and completeness of service performance information.

Respectfully submitted,

/s/

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