

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Mark Acton, Vice Chairman;
Tony Hammond; and
Nanci E. Langley

Service Performance Measurement
Systems For Market Dominant Products

Docket No. PI2015-1

COMMISSION INFORMATION REQUEST NO. 1

(Issued May 12, 2017)

To clarify the Postal Service's proposals presented in Docket No. PI2015-1 Service Performance Measurement Systems for Market Dominant Products, the Postal Service is requested to provide written responses to the following questions. Answers to the questions should be provided as soon as they are developed, but no later than June 12, 2017.

1. On February 17, 2017, the Postal Service filed Library Reference USPS-LR-PI2015-1/7, which includes the Postal Service's audit plan for the proposed internal service performance measurement system for market dominant products. Within the audit plan, the Postal Service states that it will contract the audit task to a third party. Please provide the following information:
 - a. The contractual statement of work describing the auditing and reporting tasks required of the contractor.
 - b. All documentation developed by the contractor explaining how it intends to perform audits and develop reports.

- c. The “trial run” audit report provided by the contractor.
 - d. The first official audit report encompassing at least one quarter’s data provided by the contractor.
2. The Postal Service has alerted the Commission to the possibility that service performance measurements under the proposed system and service performance measurements obtained under the current system may not match. Where the actual measurements obtained under the proposed system fall outside the margin of error of the actual measurements obtained under the legacy system, please provide the following:
 - a. An analysis and discussion of whether or not the differences are statistically significant for each individual item under measurement.
 - b. An analysis and discussion addressing why the results may be different for each individual item under measurement (including a discussion of the representativeness and accuracy of measurements obtained using each measurement system).
3. The Postal Service prefaces each set of quarterly data generated under the proposed system with a narrative which identifies possible limitations or concerns with the reported data. Please provide:
 - a. A current list of limitations, concerns, or unresolved issues for each item under measurement.
 - b. A discussion of the impact on the accuracy, reliability, and representativeness of measurements for each issue identified in a.
 - c. An estimation of when each issue identified in a. will be resolved.
4. On August 11, 2016, the Postal Service filed Library Reference USPS-LR-PI2015-1/3, which consists of a disaggregation of the Single-Piece First-Class

Mail service performance data broken down by First Mile, Processing Duration, and Last Mile.

- a. Please provide equivalent information for FY 2016 Quarter 4, FY 2017 Quarter 1 and Quarter 2.
 - b. Identify and explain all statistically significant differences between the first mile, last mile, and processing times derived from the proposed measurement system and EXFC data.
5. The Postal Service provided service performance data from the proposed system for Quarter 2 and Quarter 3 of FY 2016. Please provide the statistical data that normally accompanies service performance reports (*e.g.*, margins of error, confidence intervals, *etc.*). If this information is still under development, please indicate when the Commission might expect the data to be filed.
6. For each quarter provided to date, please explain why the margins of error for some products are greater in the proposed system than in the legacy system.
7. Please refer to Library References USPS-LR-PI2015-1/2, filed on August 10, 2016, and USPS-LR-PI2015-1/3, filed on August 11, 2016. The narrative tabs from First-Class Mail Single-Piece Letters and Postcards, First-Class Mail Flats, and Standard Mail state that the last mile methodology changed substantially from the initial statistical design, primarily by using unweighted pieces to construct the last mile profile.
 - a. Please explain how the revised sampling methodology that uses an unweighted sample produces sufficiently representative results.
 - b. How has the measurement bias produced from unweighted samples in the last mile profile referenced in the narrative affect the accuracy, reliability, and representativeness of the internal service performance measurement results?

8. Please refer to Library Reference USPS-LR-PI2015-1/6, filed February 16, 2017. The narrative tabs from First-Class Mail Single-Piece Letters and Postcards state that some technical issues with identifying and tracking unique mailpieces through automation based on processing scans existed during the quarter. Discuss the impact of issues associated with inaccuracies in processing inventories on the accuracy, reliability, and representativeness of service performance results produced by the internal Service Performance Measurement system.
9. Library Reference USPS-LR-PI2015-1/2, Preface at 2, and Library Reference USPS-LR-PI2015-1/4 at 39, filed on August 26, 2016, state that both measurement systems (EXFC and the proposed internal system) are subject to sampling and non-sampling error.
 - a. Please discuss the sources of sampling error in the proposed system and the legacy system, and the magnitudes of these errors in terms of their impact on the accuracy, reliability, and representativeness of results.
 - b. Please describe any additional steps taken to mitigate the non-sampling errors identified in the statistical design plan.
 - c. Have any additional sources of non-sampling error been identified other than those identified in the statistical design plan? If so, please describe them, what steps are being taken to mitigate them, and their magnitude on the accuracy, reliability, and representativeness of results.
10. In various narrative sections, which discuss the limitations of measurement for products, the Postal Service states that there were several days where no sampling occurred due to “null transmissions.” Please quantify the impact of null transmissions on accuracy, reliability, and representativeness. What progress has been made on resolving this issue?

11. Please describe and explain the changes in methodology or business rules that were made to account for collection and processing on Sundays and holidays.
12. Please refer to Library Reference USPS-LR-PI2015-1/6, Single-Piece First-Class Mail, “Narratives” tab. What revisions to the methodology or business rules are being considered to adjust measurement when pieces “are first observed in incoming mail processing operations rather than in the expected outgoing operation?”
13. Please refer to Library Reference USPS-LR-PI2015-1/6, Single-Piece First-Class Mail, “Narratives” tab. Please discuss any technical issues associated with tracking mailpieces through automation processing, and describe the steps that are being taken to resolve these issues. Please explain whether these issues are related to the issues with last mile weights, and if so how? If not, please explain how these issues affect the accuracy, reliability, and representativeness of service performance results.
14. Several narratives for Standard Mail reference a lack of end-to-end coverage for certain districts. Please explain what caused the gaps in Standard Mail end-to-end coverage, and how they are being addressed.
15. Please refer to the narrative tab for Standard Mail Flats (FY 2017 Quarter 1) in Library Reference USPS-LR-PI2015-1/6. Please discuss:
 - a. any progress that has been made on the development of non-deviant margins of error,
 - b. the obstacles to developing non-deviant margins of error,
 - c. how the Postal Service is addressing these obstacles, and
 - d. an estimate of when these obstacles will be resolved.

16. In its narratives, the Postal Service states that samples for USPS Marketing Mail and Bound Printed Matter Flats were combined to develop service performance estimates.
- a. Please explain what steps, if any, are being taken to develop sufficiently unique samples for each.
 - b. If no action is being taken, please explain how the aggregation of these samples results in sufficiently unique estimates, and how these estimates are generated.
 - c. Please explain how the aggregation of these samples result in estimates that accurately represent each product, and how these estimates are generated.
 - d. If this aggregation does not result in estimates that accurately represent each product, please explain what steps are being taken to develop representative estimates for USPS Marketing Mail and Bound Printed Matter Flats.
 - i. When does the Postal Service anticipate completing these actions?
 - ii. How will the Postal Service assess whether the individual estimates are sufficiently unique?

By the Commission.

Stacy L. Ruble
Secretary