

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

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

Service Performance Measurement
Systems For Market Dominant Products

Docket No. PI2015-1

**Comments of National Newspaper Association
Pursuant to Commission Order 4562**

National Newspaper Association (NNA), which represents approximately 2,400 community newspapers, hereby provides comments in response to the instant order.

The Commission generally seeks comments on whether the Postal Service's proposal to rely solely upon internal Service Performance Measurement (SPM) rather than External First-Class (EXFC) systems should be granted. The Commission asks whether the proposed systems are capable of providing accurate, reliable and representative data, whether use of the data will enable the Commission to perform its obligations under 39 U.S.C. §3653(b)(2); and whether the proposed systems are responsive to the requirements of 39 U.S.C. §3691.

NNA generally supports the Postal Service request and commends the Postal Service for enormous strides in its efforts to develop a fully-reliable internal SPM. The SPM is clearly more reliable than in 2015 when this docket was opened and it is at least as capable of providing data for service measurement as EXFC has been. The progress in building out the system has been exemplary, given the conditions faced by USPS during the past three years. But NNA seeks the Commission's continued interest and monitoring of the shortfalls of internal SPM in measuring delivery of newspapers. Some

of the knowledge gap available through the USPS SPM could be covered if the long-hoped-for reporting on rural service for all mail classes emanates from this docket. This monitoring could take place through the Annual Compliance Review and Determinations, and need not stand in the way of the conclusion of this docket.

NNA does not wish to stand in the way of improvement in service measurement for any mail class. But, disappointingly, its support for the internal SPM systems is based upon the same unrealized hopes that the NNA harbored in 2015 when it first expressed its conditional support for use of the internal system. For community newspapers serving small towns and rural areas, EXFC has been inadequate, and NNA hoped the new systems would be better—in time. See Comments of National Newspaper Association, Docket No. PI2015-1, March 26, 2015. The internal systems clearly are now better in general, but not so much for newspaper mail in the Periodicals mailstream.

The elements that prevent newspapers from seeing full value from the Postal Service's robust measurement development have not materially changed since the 2015 comments.

- Manual handling of newspaper mail in mail processing facilities, rather than sorting on automated equipment where piece scans are conducted, offers little (and possibly no) consistent data on a mail piece's progress through mail processing;
- Adoption of Full Service Intelligent Mail Barcode (IMb) is low among newspapers. Publishers have little incentive to invest in Full Service, partially because the addition of a more sophisticated barcode would not improve the likelihood that a mail piece would be sorted on scanning equipment, from which service data could be harvested;
- Newspapers enter high concentrations of mail at the Delivery Unit, where piece scans are unavailable;
- Community newspapers generally serve rural areas. NNA from time to time has expressed alarm at the differentials between urban and rural service, particularly at times of service cutbacks and realignments. But entries and destinations in smaller communities are not separately

reported in performance data, and evidence of failure may be masked by data-rich urban areas where service is better.

The Postal Service clearly realizes that gaps remain in the internal SPM systems. In its response to Commission Information Request No. 1, USPS noted occasions for both sampling and non-sampling error, because its data do not yet fully reflect the total population of mail. It said:

“Sampling errors are the result of taking measurement of less than the full population.” Response of the United States Postal Service to Commission Information Request No. 1, Question 9a, Docket R2015-1 (June 12, 2017) and

“There were two types of non-Sampling errors described in the Statistical Design Plan for Internal Service Performance Measurement. The first was that the sampled population includes only mailpieces identified as measurable through available processing scans. It is not possible to evaluate the extent to which the exclusion of un-scanned or non-measured mail introduces error in the service performance estimates.” *Supra*, Question 9b;¹

USPS says it is addressing the problem of mail outside of measurement by encouraging more mailer adoption of Full Service, performing bundle scans and “initiatives” to reduce the volume of measurement exclusions. Id.

NNA agrees that the Postal Service is working to encourage more mailer adoption of Full Service, but newspaper publishers have no more justification to burden their companies with the expense and disruption of conversion now than they ever did. First, their mail is predominantly destination-entered, where service disruptions are rare; and second, their out-of-market mail, which travels through USPS networks where service disruptions are *not* rare, would not benefit from barcodes if no scanning equipment touches the mail.

NNA also agrees that initiatives to capture performance data on some mail through bundle scans are underway. USPS communicates regularly with NNA publisher representatives through the Mailers Technical Advisory Committee. Publishers receive

¹ The second type involved retail mail, and is not relevant to newspaper mail.

quarterly briefings on the progress of the Postal Service's Informed Visibility programs. System-wide scanning of bundles at delivery units is among the initiatives covered in briefings, and NNA representatives listen intently because these scans would improve newspaper visibility. But system-wide scanning at delivery units is not yet a common reality, and there is no clear indication when it will be. Nor has the Postal Service explained how the bundle data will be reported out, or whether real-time full population data can ever replace the sampling data. Clearly, until bundle scans are more ubiquitous, it will be difficult to evaluate how effective they are in filling in the blanks for mail not in Full Service measurement.

USPS has recently begun to include discussion of bundle scans within manual processing operations at Sectional Center Facilities and other parts of the network, as a mechanism for capturing data on mail that will not be handled by automation equipment. But reliable results from that initiative are even further from actuation.

Because community newspaper mail is most commonly found in mail streams within small towns and rural areas, and because anecdotal evidence indicates that service to these areas was the most disrupted during the many USPS network and delivery office changes over the past decade, NNA suggested that the Commission begin more closely examining service performance data in rural areas.

NNA's recommendation initially began with the notation that USPS had been ordered in Docket No. RM2010-11 to do a special study of Within County newspaper mail by 2015, and that no study had been completed. (Nor has one been carried out to date.) NNA did not urge completion of such a study, but believed that data from other mail categories would provide insight to service if better data on other mail products and categories for rural areas were available. NNA specifically suggested measurement of:

1. Mail between two rural communities where at least one mail processing operation is required;
2. Origin-entered mail from urban areas to rural communities;

3. Origin-entered mail from rural communities to an urban area not directly served by the nearest mail processing plant.

NNA noted that under 39 U.S.C. §101(b) the Postal Service is required to preserve regular and effective access to postal services in all communities, with emphasis on rural areas, and requested that the Commission periodically examine whether the mandate was being properly carried out. See, NNA Comments in Docket No. 2015-1 at 9-10 (March 26, 2015.) The Commission did not mandate such a study. But NNA believes the Postal Service nevertheless developed coding techniques against the day that such a report would be required.

Congress has exhibited interest in requiring public reporting of rural service measurement. For example, Section 211 of the recently-introduced Postal Reform Act of 2018, S 2629, would amend Section 3691 to require the Commission to adopt a definition of rural service and to work with the Postal Service to provide service reports separately for urban and rural consumers. The provision has appeared in previous proposed legislation sponsored both by Republicans and Democrats. Although it is far from clear that Congress will ever muster the will to enact postal reform legislation, at least this one provision has drawn no public opposition from stakeholders and it seems destined to appear in final legislation, if legislation ever comes.

Nonetheless, nothing prohibits the Commission from requiring such reports now. The reports are needed now. Acquiring some benchmark data on rural mail at this time is essential. Without at least someplace to begin, the Commission will be hampered in fully carrying out its obligations to rural areas should the Postal Service's present financial woes lead to further network restructuring, post office closings or other disruptions.

NNA again strongly urges the Commission and the Postal Service to complete this task. A public inquiry into the methods of identifying rural areas is needed. A discussion of reporting format and periodicity is needed. An examination of the

necessary granularity for meaningful reporting must be conducted. For example, should rural mail data be reported at the area level, district level, by state or by some other design? Numerous questions remain, and they should be addressed now rather than hanging in suspension until Congress orders the regulator and regulated to get on with it.

In sum, NNA applauds the Postal Service's exemplary work in developing its measurement systems, and well understands the limitations in better measurement of newspapers. The fact that NNA believes the time has come to retire EXFC and let the internal systems see their debut under Section 3691 does not obscure the fact that newspaper publishers are still waiting for their turn. It is simply a notation that NNA does not wish to stand in the way of potential benefits from the internal SPM for other mailers. But it is not a waiver of the interests of community newspapers, for whom prompt service may be more critical than for any other mail user. The Commission should grant the Postal Service's request, but it should not labor under the deception that the internal systems will enlighten stakeholders on the nature of performance for newspaper mail. The Commission had no data on this subject under EXFC and it will have none under the internal SPM either. In addition to reporting on rural mail service, USPS should regularly report for each mail class what portion of the mail population is in measurement, and be explicit about adjustments being made for non-measured mail that may introduce error. It should also immediately begin development of service reporting for rural mail.

The internal SPM is an improvement. It is not yet enough for newspaper mailers.

Respectfully submitted,

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