

ORDER NO. 4771

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

Before Commissioners:

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

Service Performance Measurement
Systems For Market Dominant Products

Docket No. PI2015-1

ERRATA TO ORDER NO. 4697

(Issued August 21, 2018)

On August 16, 2018, the Postal Service filed a motion for clarification of Order No. 4697, Order Approving Use of Internal Measurement Systems, filed on July 5, 2018.¹ Specifically, the Postal Service seeks clarification of four statements to aid in the understanding of the new performance measurement systems, as well as to avoid future confusion concerning the operation of the systems. Motion at 1.

The Commission addresses each of the four statements below. None of the proposed clarifications have a material impact on the decisions of the Commission or on the Commission's approval of the proposed measurement systems. However, two of

¹ United States Postal Service Motion for Clarification of Order No. 4697, August 16, 2018 (Motion).

the four statements will be modified as shown following the signature of this Order and as explained below.

Statement 1. The Postal Service refers to the following statement which appears in a section devoted to the discussion of First Mile measurements:

Mail left for carrier pickup at individual mail receptacles
(home mail boxes) is not included in measurement.

Order No. 4697 at 17-18.

The Postal Service states that although mail left for carrier pickup is not included in the First Mile measurement, it would be included in the Processing Duration stage. Motion at 1-2. It proposes to insert the term “First Mile” before the word measurement to clarify that this mail is only excluded from the First Mile measurement, and not the measurements that follow. *Id.* at 2.

The Commission acknowledges that mail left for carrier pickup at individual mail receptacles may be included in measurements following the First Mile stage. However, the statement appearing in Order No. 4697 is accurate as stated given that it appears in a section which solely discusses the First Mile measurement. As a result, no changes are necessary to Order No. 4697.

Statement 2. The Postal Service refers to the following statement which appears in a section discussing mail entered at retail facilities:

For mail entered at retail facilities, the Postal Service scans mailpieces that include Special Services such as Registered or Certified Mail. These mailpieces include unique mailpiece identifiers that may be used to start the clock for the First Mile measurement.

Order No. 4697 at 18.

While the Postal Service acknowledges that the above statement is correct, it would like to clarify that other indicia is available at the retail counter such as barcoded

postage labels. Motion at 2. The Postal Service asserts that the generation of such labels is sufficient to start the clock. *Id.*

This statement in Order No. 4697 primarily relies upon the Postal Service's description in its service performance measurement plan.² The Commission has a general understanding that the Postal Service will consider use of all mail with unique indicia received at retail in its measurement systems. This includes the use of postage labels. As a result, no changes are necessary to Order No. 4697.

Statement 3. The Postal Service refers to the following statement which appears in a section discussing submission of the independently prepared audit reports:

ICF conducted four evaluations of the internal service performance measurement system. Three of four analyses were submitted to the Commission for its review (FY 2018, Quarter 1; FY 2017, Quarter 4; and FY 2017, Quarter 3). The evaluation of results from FY 2017 Quarter 1 was not submitted to the Commission.

Order No. 4697 at 43 n.56.

The Postal Service states that it had in fact filed the evaluation of results from FY 2017, Quarter 1 as an attachment to Responses of the United States Postal Service to Questions 1-16 of Commission Information Request No. 1, June 12, 2017, question 1.c.

The Commission has confirmed the Postal Service's assertion. The document in question contained a proof of concept or trial run audit report that was not relied upon by the Commission in its decision. The footnote will be corrected to state:

ICF conducted several evaluations of the internal service performance measurement systems. For its analyses, the Commission relied upon the FY 2018, Quarter 1; FY 2017, Quarter 4; and FY 2017, Quarter 3 reports.

² Library Reference USPS-LR-PI2015-1/8, United States Service Performance Measurement, Revised February 21, 2017, at 24.

A replacement page 43 appears after the signature of this Order.

Statement 4. The Postal Service refers to the following statement which appears in a section discussing persistent limitations of the proposed service performance measurement system regarding First-Class Mail, single-piece flats:

In addition, retail clerks will be randomly prompted to scan mailpieces coming across the retail counter, in order to incorporate those pieces into the First Mile Impact score.

Order No. 4697 at 64, Table 10.

The Postal Service states that this description was derived from an earlier version of the service performance measurement plan. The Postal Service states that “[u]nder the revised SPM system, retail clerks will not be prompted to scan mailpieces coming across the counter, as this additional step is not necessary: clerks scan each Special Services mailpiece’s barcode as part of their normal work duties, which enables First Mile measurement in the SPM system.” Motion at 3.

The Commission has confirmed the Postal Service’s assertion. The statement will be deleted from Table 10. A replacement page 64 appears after the signature of this Order.

It is ordered:

Errata that address the Postal Service’s concerns presented in the United States Postal Service Motion for Clarification of Order No. 4697, filed on August 16, 2018, appear following the signature of this Order.

By the Commission.

Stacy L. Ruble
Secretary

c. Information and results

The Postal Service provided the auditor with “snapshots of key system tables,” data samples from Postal systems, and reports. These data were reviewed, compiled, analyzed, and compared to audit criteria. This phase of the audit allowed for the vendor to identify potential issues or problems with data accuracy, reliability, or representativeness.

d. Findings and recommendations

The auditor’s recommendations and findings were presented quarterly as a summary of the metrics that were achieved, partially achieved, or not achieved. The auditor explains that a more detailed report of the findings will “provide information about what was measured and what the results were.”³ These quarterly audit reports were compiled to produce an annual audit summary report for the Postal Service’s leadership. In addition, information from the annual audit reports may also be used “to support reporting requirements” required in the ACR.

e. Summary of audit findings

For several quarters, the auditor conducted evaluations of the accuracy, reliability, and representativeness of data from the proposed service performance measurement system.⁴ The Commission has reviewed each report for its audit criteria, findings, and recommendations. It finds that the audits were conducted according to industry best practices and include useful recommendations for the Postal Service to maintain or improve data accuracy, reliability, and representativeness.

³ See Audit Plan at 8.

⁴ ICF conducted several evaluations of the internal service performance measurement systems. For its analyses, the Commission relied upon the FY 2018, Quarter 1; FY 2017, Quarter 4; and FY 2017, Quarter 3 reports.

Table 10
Persistent Limitations of Proposed Service Performance Measurement System

| Mail Class | Products Under Audit Review Plan | Measurement Changes from Original SPM | Current Limitations as of FY18 Q2 |
|------------------|--|--|---|
| First-Class Mail | 1. Single-Piece Letters and Cards | (1) The proposed SPM system will measure mail entering Postal Service collection boxes and office building chutes (aka Postal Service collection points) and from postal retail units and will monitor performance through delivery. | (1) No Business or reply mail sampling (2) System Sampling outages |
| | 2. Presort Letters and Cards | (1) The Last Mile Impact for the Commercial Mail will be calculated based on carrier sampling. For the Last Mile Impact, the Postal Service will scan barcodes from mailpieces at randomly selected delivery points to measure Last Mile. | (1) System Sampling Outages |
| | 3. Single-Piece Flats | (1) For flats, the sampling points may also include the back office consolidation points because of the minimal volume of scannable flats found in individual collection points. (2) Single-piece First-Class Mail letters and flats accepted over the counter at retail counters which have ancillary Special Services, such as Certified Mail, will be included in the First Mile measurement to represent the segment of mail entering through the retail channel. | (1) System Sampling outages (2) Inaccurate scores |
| Marketing Mail | 1. High Density and Saturation Letters 2. High Density and Saturation Flats 3. Carrier Route Letters 4. Flats 4. Every Door Direct Mail-Retail Flats | Mail that does not receive any Postal Service processing scan is excluded from service performance measurement. The Bundle Visibility initiative provides additional scans for Standard, Periodicals, and Bound Printed Matter Flats presented to USPS in bundles which may not be processed on automated processing equipment. Prior to this initiative, many such pieces were excluded from service measurement because of the lack of a processing scan. In this initiative, manual scans of the top piece of mail within a bundle will be associated with all of the pieces within the bundle to provide visibility of the mail at the destination delivery unit. These bundle scans serve as the last processing operation to determine the anticipated date of delivery. (p. 44) | (1) System Sampling outages |
| Periodicals | All Periodicals | | (1) System Sampling outages |
| Package Services | 1. Bound Printed Matter Flats | | (1) Marketing mail flats data was used to supplement limited Bound Printed Matter Flats data (2) System Sampling outages |