

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

Before Commissioners:

Robert G. Taub, Chairman;
Michael Kubayanda, Vice Chairman;
Mark Acton;
Ann C. Fisher; and
Ashley E. Poling

Public Inquiry on Modification of Service
Performance Measurement Systems for
Additional Market Dominant Products

Docket No. PI2019-1

ORDER GRANTING REQUEST AND APPROVING USE OF INTERNAL SERVICE
PERFORMANCE MEASUREMENT SYSTEM

(Issued July 1, 2020)

I. INTRODUCTION

On June 12, 2020, the Postal Service filed a request seeking final approval to allow the Postal Service to use internal Service Performance Measurement (SPM)¹ as the official system of measurement and reporting for particular Market Dominant

¹ On July 5, 2018, the Commission conditionally approved the Postal Service's proposal to use SPM to generate data to fulfill the statutory and regulatory requirements for measurement of several Market Dominant products, beginning in FY 2019, Quarter 1. Docket No. PI2015-1, Order Approving Use of Internal Measurements Systems, July 5, 2018, at 66-67 (Order No. 4697). On November 5, 2019, the Commission conditionally approved changes to the Postal Service's SPM documentation that removed references to the legacy systems and updated the descriptions to reflect current operations. Docket No. PI2018-2, Order Conditionally Approving Modifications to Market Dominant Service Performance Measurement Systems, November 5, 2018, at 6-11 (Order No. 4872).

products and services.² Specifically, the June 12, 2020 Request asserts that the Postal Service has satisfied the conditions imposed by Order No. 5157,³ which conditionally authorized the Postal Service to proceed with modifications pertaining to Single-Piece First-Class Mail International—Outbound Letters and Flats,⁴ Single-Piece First-Class Mail International—Inbound Letters and Flats⁵ (collectively referred to herein as inbound and outbound single-piece First-Class Mail International),⁶ and the Green Card option of the Return Receipt service.⁷ For the reasons discussed herein, the request is granted, subject to the continuation of the external auditing program and the inclusion of appropriate explanations in the first annual compliance report based on data from SPM.

II. PROCEDURAL HISTORY

On May 21, 2019, the Postal Service filed a request, pursuant to 39 U.S.C. § 3691(b)(2) and 39 C.F.R. § 3055.5, proposing modifications to its Market Dominant service performance measurement systems.⁸ The exact nature of the modifications appear in Library Reference USPS-LR-PI2019-1/1, May 21, 2019, which contains

² United States Postal Service Request for Final Approval of Service Performance Measurement System Modifications for International First Class Mail Service and Return Receipt Service, June 12, 2020, at 1, 3 (June 12, 2020 Request).

³ Order Conditionally Authorizing the Postal Service to Proceed with Changes to its Market Dominant Service Performance Measurement Systems, July 17, 2019 (Order No. 5157).

⁴ This Order uses the same terminology as Order No. 5157. See Order No. 5157 at 5. As explained therein, this term refers to the Outbound Single-Piece First-Class Mail International product. *Id.* n.8.

⁵ This Order uses the same terminology as Order No. 5157. See Order No. 5157 at 5. As explained therein, this term refers to the Inbound Letter Post product. *Id.* n.9.

⁶ This Order uses the same terminology as Order No. 5157. See *id.* at 5.

⁷ This Order uses the same terminology as Order No. 5157. See *id.* at 9-10. As explained therein, this term refers to the hard copy option of Return Receipt, which is commonly referred to as the Green Card. *Id.* at 4, n.7. The Green Card provides evidence of delivery, and is one of many Ancillary Services. See Postal Regulatory Commission, (draft) Mail Classification Schedule posted January 26, 2020 (with revisions through March 31, 2020), § 1505.13.1, available at: <http://www.prc.gov/mail-classification-schedule>.

⁸ United States Postal Service Response to Order No. 4945 and Request for Approval of Service Performance Measurement System Modification, May 21, 2019 (May 21, 2019 Request).

redline and clean versions of the Modification of USPS Service Performance Measurement Plan, revised May 20, 2019.⁹

On May 22, 2019, the Commission issued Order No. 5103, which provided public notification of the May 21, 2019 Request; established Docket No. PI2019-1 to consider the service performance measurement system proposals; appointed a Public Representative; and provided an opportunity for interested persons to comment.¹⁰ The Association for Postal Commerce (PostCom) and the Public Representative filed comments.¹¹ The Postal Service filed reply comments.¹²

On July 17, 2019, the Commission conditionally authorized the Postal Service to proceed with the proposed modifications. Order No. 5157 at 2, 14. Authorization was conditioned upon the Postal Service's (1) provision of two consecutive quarters of data at the national level comparing service performance measurements obtained by the existing systems against service performance measurements obtained by the conditionally-authorized systems; (2) explanation of any differences in measurement between the two sets of systems; (3) validation that the conditionally-authorized systems are producing accurate, reliable, and representative service performance data; and (4) inclusion of the conditionally-authorized systems within the auditing program previously required by the Commission.¹³

Through multiple filings, the Postal Service filed data, narrative information, and audit reports relating to inbound and outbound single-piece First-Class Mail

⁹ United States Postal Service Notice of Filing Library Reference USPS-LR-PI2019-1/1, May 21, 2019.

¹⁰ Notice and Order Establishing Proceeding to Consider Modifications to Market Dominant Service Performance Measurement Systems, May 22, 2019 (Order No. 5103).

¹¹ Comments of the Association for Postal Commerce, June 17, 2019 (PostCom Comments); Public Representative Comments, June 17, 2019 (PR Comments).

¹² United States Postal Service Reply Comments, June 21, 2019 (Postal Service Reply Comments). The Commission granted the Postal Service's unopposed request for leave to file reply comments. See Order No. 5157 at 2, n.6 (citing United States Postal Service Motion to File Reply Comments, June 21, 2019).

¹³ See Order No. 5157 at 14 (citing Order No. 4697).

International (covering FY 2019 Quarter 3 through FY 2020 Quarter 2)¹⁴ and the Green Card option of the Return Receipt service (covering FY 2020 Quarters 1 and 2).¹⁵ The Postal Service asserts that these filings satisfy the conditions of Order No. 5157 and seeks final approval to allow the use of SPM as the official system of measurement for inbound and outbound single-piece First-Class Mail International and the Green Card option of the Return Receipt service. June 12, 2020 Request at 1, 3. No party opposed the June 12, 2020 Request. Chairman's Information Request No. 1 was issued on June 19, 2020,¹⁶ to which the Postal Service responded on June 25, 2020.¹⁷

III. COMMISSION ANALYSIS

A. Inbound and Outbound Single-Piece First-Class Mail International

With respect to inbound and outbound single-piece First-Class Mail International, the Postal Service provided responsive data and information for four consecutive

¹⁴ United States Postal Service Notice of Filing Library Reference USPS-LR-PI2019-1/2, December 2, 2019; Library Reference USPS-LR-PI2019-1/2, USPS Proposed Internal Service Performance Measurement (SPM) System Data for Quarters 3 and 4 of Fiscal Year 2019 for International Inbound and Outbound Single-Piece First Class Mail, December 2, 2019; United States Postal Service Notice of Filing Library Reference USPS-LR-PI2019-1/3, December 18, 2019; Library Reference USPS-LR-PI2019-1/3, USPS Proposed Internal Service Performance Measurement (SPM) System External Audit Addenda and USPS Responses for Quarters 3 and 4 of Fiscal Year 2019 for International Inbound and Outbound Single-Piece First Class Mail, December 18, 2019; United States Postal Service Notice of Filing Library Reference USPS-LR-PI2019-1-4, April 27, 2020; Library Reference USPS-LR-PI2019-1-4, USPS Proposed Internal Service Performance Measurement (SPM) System Data, and External Audit Addendum and USPS Response, for Quarter 1 of Fiscal Year 2020 for International Inbound and Outbound Single-Piece First-Class Mail, April 27, 2020; United States Postal Service Notice of Filing Library Reference USPS-LR-PI2019-1-5, June 12, 2020; Library Reference USPS-LR-PI2019-1-5, USPS Proposed Internal Service Performance Measurement (SPM) System Data and External Audit Addendum for Quarter 2 of Fiscal Year 2020 for International Inbound and Outbound Single-Piece First-Class Mail, June 12, 2020.

¹⁵ United States Postal Service Notice of Filing Library Reference USPS-LR-PI2019-1-6, June 12, 2020; Library Reference USPS-LR-PI2019-1-6, USPS Proposed Internal Service Performance Measurement (SPM) System Data and External Audit Addenda for Quarters 1 and 2 of Fiscal Year 2020 for Special Services (Green Card option of the Return Receipt service), June 12, 2020.

¹⁶ Chairman's Information Request No. 1, June 19, 2020 (CHIR No. 1).

¹⁷ Response of the United States Postal Service to Questions 1 - 3 of Chairman's Information Request No. 1, June 25, 2020 (Response to CHIR No. 1).

quarters. First, the Postal Service provided national-level data comparing service performance measurements using the existing external service performance measurement systems against service performance measurements using the conditionally-authorized systems for FY 2019 Quarters 3 and 4 and FY 2020 Quarters 1 and 2.¹⁸ Second, the Postal Service explained the differences in measurement between the existing and the conditionally-authorized systems.¹⁹ Third, addressing the potential issues with the use of proxy data for the First and Last Mile described in Order No. 5157, the Postal Service validated that the conditionally-authorized systems produce accurate, reliable, and representative service performance data.²⁰ Fourth, the Postal Service provided audit reports for FY 2019 Quarters 3 and 4 and FY 2020 Quarters 1

¹⁸ Library Reference USPS-LR-PI2019-1/2, December 2, 2019, PDF file "PI2019-1_Preface LR2 final.pdf," at 2-3; Library Reference USPS-LR-PI2019-1/4, April 27, 2020, PDF file "Preface LR4 bjm.pdf," at 3; Library Reference USPS-LR-PI2019-1/5, June 12, 2020, PDF file "Preface LR 5 (SPFC-I).pdf," at 2.

¹⁹ Library Reference USPS-LR-PI2019-1/2, December 2, 2019, PDF file "PI2019-1_Preface LR2 final.pdf," at 1; Library Reference USPS-LR-PI2019-1/4, April 27, 2020, PDF file "Preface LR4 bjm.pdf," at 1-2; Library Reference USPS-LR-PI2019-1/5, June 12, 2020, PDF file "Preface LR 5 (SPFC-I).pdf," at 1-2.

²⁰ See Library Reference USPS-LR-PI2019-1/2, December 2, 2019, PDF file "PI2019-1_Preface LR2 final.pdf," at 1-3; Library Reference USPS-LR-PI2019-1/4, April 27, 2020, PDF file "Preface LR4 bjm.pdf," at 1-2; Library Reference USPS-LR-PI2019-1/5, June 12, 2020, PDF file "Preface LR 5 (SPFC-I).pdf," at 1-2.

and 2, which include specific validation metrics for inbound and outbound single-piece First-Class Mail International.²¹

Observing that certain International Service Center (ISC) processing facilities were not consistently using the correct sort plan for inbound mailpieces in FY 2019, the Postal Service notified the applicable facilities and monitored this issue.²² From FY 2019 Quarter 3 through FY 2020 Quarter 2, the external auditor observed measureable increases in compliance with respect to this issue: in FY 2019 Quarter 3, only 2 of the 5 ISC processing facilities (40 percent) ran the sort plan on at least 70 percent of the days in the fiscal quarter (64 or more days) whereas in FY 2020 Quarters 1 and 2, 4 of the 5 ISC processing facilities (80 percent) ran the sort plan on at least 80 percent of the days in the fiscal quarter (74 or more days).²³ Continuing the external audit program, which includes specific validation metrics for inbound and outbound single-piece First-Class Mail International, is a reasonable way to validate that the SPM system will continue to produce accurate, reliable, and representative service performance data.

²¹ See Library Reference USPS-LR-PI2019-1/3, December 18, 2019, PDF files “FY19 Q3 Audit Validation Intl Addendum.pdf;” “FY19 Q4 Audit Validation Intl Addendum.pdf;” Library Reference USPS-LR-PI2019-1/4, April 27, 2020, PDF file “FY20Q1AuditValidIntlAdd.pdf;” Library Reference USPS-LR-PI2019-1/5, June 12, 2020, PDF file “FY20 Q2 Audit Intl Add.pdf.” Pursuant to Order No. 4697, audit reports are due no later than 60 days after each applicable reporting quarter. The Commission accepts the late filing of the audit addenda specific to inbound and outbound single-piece First-Class Mail International. While neither a formal motion to extend the filing deadline nor a motion for late acceptance was submitted, the Commission acknowledges that the remainder of the audit reports were timely filed, that the audit addenda are prepared by a third party and are responsive to the directive of Order No. 5157, that no person objected to the late filing, and that no person appears to be prejudiced by the late filing. Additionally, the Postal Service provides its response corresponding to the audit addenda filed for FY 2019 Quarters 3 and 4 and FY 2020 Quarter 1. Library Reference USPS-LR-PI2019-1/3, December 18, 2019, PDF files “FY19 Q3 USPS AuditRespAm.pdf;” “FY19 Q4 USPS AuditRespAm.pdf;” Library Reference USPS-LR-PI2019-1/4, April 27, 2020, PDF file “FY20Q1AuditValidIntlUSPSRespAm.pdf.”

²² Library Reference USPS-LR-PI2019-1/3, December 18, 2019, files “FY19 Q3 USPS AuditRespAm.pdf,” at 3-4 and “FY19 Q4 USPS AuditRespAm.pdf,” at 3-4; Library Reference USPS-LR-PI2019-1/4, April 27, 2020, PDF file “FY20Q1AuditValidIntlUSPSRespAm.pdf,” at 3-4.

²³ *Compare* Library Reference USPS-LR-PI2019-1/3, December 18, 2019, PDF file “FY19 Q3 Audit Validation Intl Addendum.pdf,” at 17 (discussing non-achievement of audit measure 27), *with* Library Reference USPS-LR-PI2019-1/4, April 27, 2020, PDF file “FY20Q1AuditValidIntlAdd.pdf,” at 14 (discussing achievement of audit measure 27), *and* Library Reference USPS-LR-PI2019-1/5, June 12, 2020, PDF file “FY20 Q2 Audit Intl Add.pdf,” at 13 (discussing achievement of audit measure 27).

Based upon review of the materials filed by the Postal Service, the Commission concludes that the conditions of Order No. 5157 pertaining to inbound and outbound single-piece First-Class Mail International are satisfied.

B. The Green Card Option of the Return Receipt Service

With respect to the Green Card option of the Return Receipt service, the Postal Service provided responsive data and information for two consecutive quarters. First, the Postal Service provided national-level data comparing service performance measurements using the existing external service performance measurement systems against service performance measurements using the conditionally-authorized systems for FY 2020 Quarters 1 and 2.²⁴ Second, the Postal Service explained the differences in measurement between the existing and the conditionally-authorized systems.²⁵

Third, the Postal Service provided evidence that the conditionally-authorized systems produce accurate, reliable, and representative service performance data.²⁶ The Postal Service asserts that FY 2020 Quarter 1 SPM results for the Green Card option of the Return Receipt service were skewed due to a lack of employee understanding regarding the necessary actions to take once a sampling request to verify signature capture is triggered.²⁷ In FY 2020 Quarter 2, the Postal Service issued and disseminated updated instructions to employees that clarify the proper process to handle sampling requests for the Green Card option of the Return Receipt service.²⁸ To identify offices that are not handling sampling requests as expected, in May 2020, the

²⁴ Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF file "Preface LR 6 (Special Services).pdf," at 2.

²⁵ Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF file "Preface LR 6 (Special Services).pdf," at 1-2.

²⁶ See Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF file "Preface LR 6 (Special Services).pdf," at 2; Response to CHIR No. 1, questions 1-3.

²⁷ Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF file "Preface LR 6 (Special Services).pdf," at 2.

²⁸ See Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF file "Preface LR 6 (Special Services).pdf," at 2; Response to CHIR No. 1, question 1.a.

Postal Service began to disseminate the Weekly Return Receipt Metric report to Area Manager Delivery Program Support on a bi-weekly basis. Response to CHIR No. 1, question 1.a. Audit Measures 1, 4, and 6, which validate accuracy by monitoring that employees are trained at sufficient levels in each district and that report procedures are verified quarterly, have been achieved for FY 2020 Quarters 1 and 2.²⁹ Audit Measures 13, 14, 16, and 17, which validate reliability by reviewing documentation of changes for availability and robustness, reviewing method and process changes, and ensuring that data are frozen and maintained for the applicable fiscal quarter, have been achieved for FY 2020 Quarters 1 and 2.³⁰ Compared to the legacy system, the SPM system measured approximately 380 times more pieces for FY 2020 Quarter 1 and approximately 452 times more pieces for Quarter 2; therefore, the Postal Service asserts that the SPM system is much more representative.³¹ Audit Measure 28, which specifically monitors the representativeness of the Return Receipt data, has been achieved for FY 2020 Quarters 1 and 2.³²

Fourth, the Postal Service provided audit reports for FY 2020 Quarters 1 and 2, which include specific validation metrics for the Green Card option of the Return Receipt service.³³ Additionally, starting with the FY 2020 Quarter 3 audit report, the Postal Service will add Audit Measure 29 to track compliance of Return Receipt sampling at the national level. Response to CHIR No. 1, question 2.a. Continuing the external audit

²⁹ See Response to CHIR No. 1, question 3; Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF files "FY20 Q1 Audit Return Receipt Add.pdf," at 3 and "FY20 Q2 Audit Return Receipt Add.pdf," at 3.

³⁰ See Response to CHIR No. 1, question 3; Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF files "FY20 Q1 Audit Return Receipt Add.pdf," at 4 and "FY20 Q2 Audit Return Receipt Add.pdf," at 4.

³¹ See Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF file "Preface LR 6 (Special Services).pdf," at 2; Response to CHIR No. 1, questions 1-3.

³² Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF files "FY20 Q1 Audit Return Receipt Add.pdf," at 5, 12, and "FY20 Q2 Audit Return Receipt Add.pdf," at 5, 13.

³³ Library Reference USPS-LR-PI2019-1/6, June 12, 2020, PDF files "FY20 Q1 Audit Return Receipt Add.pdf" and "FY20 Q2 Audit Return Receipt Add.pdf."

program with the addition of Audit Measure 29 is a reasonable way to validate that the SPM system will continue to produce accurate, reliable, and representative service performance data.

Based upon review of the materials filed by the Postal Service, the Commission concludes that the conditions of Order No. 5157 pertaining to the Green Card option of the Return Receipt service are satisfied.

IV. CONCLUSION

The unopposed June 12, 2020 Request is granted, and the Postal Service may begin reporting service performance for inbound and outbound single-piece First-Class Mail International and the Green Card option of the Return Receipt service based upon data from the proposed measurement systems as of the FY 2021 Quarter 1 report, subject to continuation of the following two conditions related to the external auditing program and the first annual compliance report using data generated from SPM.

First, the Postal Service must continue to include inbound and outbound single-piece First-Class Mail International and the Green Card option of the Return Receipt service in its external auditing program and file each audit report with the Commission no later than 60 days after each applicable reporting quarter. See Order No. 5157 at 14; Order No. 4697 at 67. The audit reports shall continue to include the validation metrics and evaluation specific to inbound and outbound single-piece First-Class Mail International (Audit Measure 27) and the Green Card option of the Return Receipt service (Audit Measure 28 and new Audit Measure 29). The Postal Service may file this documentation with its periodic filings of service performance data audit documentation.³⁴

Second, commensurate with the conditions imposed to use SPM as the reporting system of record for the remaining Market Dominant products and services (see Order

³⁴ See, e.g., United States Postal Service, Transmittal Letter for FY 2020 Q2 Audit Report, Audit Response, and Measured/Unmeasured Volumes Report, May 29, 2020.

No. 4697 at 67), in the first annual compliance report based on data from the proposed measurement systems for inbound and outbound single-piece First-Class Mail International and the Green Card option of the Return Receipt service, the Postal Service shall explain any significant service performance discrepancies between the SPM versus legacy systems, where appropriate.³⁵ It shall also propose a method of comparing SPM versus legacy service performance data, where appropriate.

Having satisfied the Commission's directives for conditional authorization of the modifications related to inbound and outbound single-piece First-Class Mail International and the Green Card option of the Return Receipt service, Docket No. PI2019-1 is closed.

V. ORDERING PARAGRAPHS

It is ordered:

1. The United States Postal Service Request for Final Approval of Service Performance Measurement System Modifications for International First Class Mail Service and Return Receipt Service, filed June 12, 2020, is granted. Starting with the FY 2021 Quarter 1 report, the Postal Service may report service performance to the Commission for inbound and outbound single-piece First-Class Mail International and the Green Card option of the Return Receipt service based on data generated from its service performance plan as described in Library Reference USPS-LR-PI2019-1/1, Modification of USPS Service Performance Measurement Plan, May 21, 2019.
2. The Postal Service shall continue to include inbound and outbound single-piece First-Class Mail International and the Green Card option of the Return Receipt

³⁵ The Postal Service may base its explanations on the most recent data generated by the legacy systems. The Commission is not requiring the Postal Service to continue the use of the legacy systems for an additional year. See Order No. 4697 at 4, n.3.

service in the auditing program as previously required by Order Nos. 4697 and 5157. The Postal Service shall file each audit report with the Commission no later than 60 days after each applicable reporting quarter. The audit reports shall continue to include the metrics used to perform the audits and analysis specific to inbound and outbound single-piece First-Class Mail International (Audit Measure 27) and the Green Card option of the Return Receipt service (Audit Measure 28 and new Audit Measure 29).

3. In the first annual compliance report based on data from the proposed measurement systems for inbound and outbound single-piece First-Class Mail International and the Green Card option of the Return Receipt service, the Postal Service shall explain any significant service performance discrepancies between the internal Service Performance Measurement (SPM) versus the legacy systems, where appropriate. It shall also propose a method of comparing SPM versus legacy service performance data, where appropriate.
4. Docket No. PI2019-1, Public Inquiry on Modification of Service Performance Measurement Systems for Market Dominant Products, is closed.

By the Commission.

Erica A. Barker
Secretary