

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

First-Class Mail and Periodicals
Service Standard Changes, 2021

Docket No. N2021-1

REBUTTAL TESTIMONY
OF
DOUGLAS F. CARLSON
(DFC-RT-1)

June 2, 2021

TABLE OF CONTENTS

Biographical Sketch	i
Purpose of Testimony	1
Overview	1
Needs of Customers	2
Loss of Volume	6
Customer Preferences	8

BIOGRAPHICAL SKETCH

1 I have been employed as the registrar and assistant vice chancellor for
2 student information at the University of California, San Francisco since 2004.
3 Previously, I was employed at the University of California, Santa Cruz, and the
4 University of California, Berkeley. I received a bachelor's degree in economics
5 from the University of California, Berkeley, in 1990 and a law degree from the UC
6 Berkeley School of Law in 1994. I live in San Francisco, California.

7 I provided testimony to the Postal Regulatory Commission on post office
8 box service in Docket No. MC96-3. In Docket No. R97-1, I provided testimony on
9 the rate and fee for stamped cards, problems with return receipt service, and
10 problems with post office box service. In Docket No. C2001-1, I provided testi-
11 mony on problems with collection services on holidays and eves of holidays.
12 Finally, in Docket No. C2001-3, I provided testimony concerning changes in First-
13 Class Mail service standards that the Postal Service implemented in 2000 and
14 2001.

15 **I am providing this testimony in my role in this proceeding as an**
16 **individual citizen. Although I may refer at times to my work at UC San**
17 **Francisco, my testimony reflects my own personal views only, whether**
18 **concerning my work or otherwise. My testimony may or may not reflect the**
19 **views of my employer, and my testimony should not be understood to**
20 **represent the views of my employer.**

1 **Purpose of Testimony**

2 According to 39 U.S.C. § 403(a), “The Postal Service shall plan, develop,
3 promote, and provide adequate and efficient postal services at fair and reason-
4 able rates and fees.” Throughout my life, I, along with most other American
5 citizens and businesses, have depended on the Postal Service to fulfill this
6 statutory mission. When service problems exist, mailers expect the Postal
7 Service to fix them, not to reduce service levels and declare that the diminished
8 service is better than the previous service. In submitting the proposal in this
9 docket, contrary to the statute, the Postal Service is affirmatively planning and
10 developing postal services that are *not* adequate to meet the needs of modern-
11 day customers.

12 My testimony will demonstrate that the Postal Service’s proposal in this
13 docket would not meet the needs of customers. My testimony also questions
14 whether the Postal Service is properly calculating the effect on volume of the
15 changes in service standards that its proposal would cause. And my testimony
16 questions whether the Postal Service is properly representing the preferences of
17 customers.

18 **Overview**

19 As background, since late 2012, I have been placing Intelligent Mail bar
20 codes on nearly all my outgoing single-piece First-Class Mail, both personal and
21 business, and have used the Postal Service’s free Informed Visibility service (and
22 the predecessor Mail Tracking and Reporting service) to monitor mail processing
23 and likely delivery times of this mail. Letters comprise the vast majority of my
24 outgoing mail, but I do send some postcards and flats as well. Although for many
25 decades I have known the service standards for First-Class Mail, Informed
26 Visibility has allowed me to understand and analyze actual service performance.
27 My observations of my Informed Visibility data have largely tracked trends in the
28 performance data that the Postal Service reports to the public, including the
29 decline in on-time delivery of three-day mail after the Postal Service eliminated

1 overnight delivery for single-piece First-Class Mail in January 2015 and the poor
2 service performance since the COVID-19 pandemic began. Since I began my
3 Informed Visibility monitoring project, I have observed service performance for
4 over 42,000 pieces of mail.

5 In 2019, a typical year, I oversaw the mailing of approximately 4,500
6 pieces of First-Class Mail. While this number may seem small in the context of
7 the mailing industry, my insights represent a perspective that the Postal Service
8 has not adequately considered in developing the proposal in this docket. Nearly
9 every piece of mail provides a service to the sender and the recipient. The
10 service changes that the Postal Service proposes will affect nearly the entire
11 population of the United States. I send and personally monitor delivery times for
12 far more mail than most individuals in the United States do. Moreover, much of
13 the business mail that I send is at least somewhat important, if not very impor-
14 tant, to senders and recipients. My annual mailings represent approximately
15 9,000 customer experiences — small to the mailing industry, perhaps, but more
16 than the Postal Service has represented in this docket.

17 **Needs of Customers**

18 The University of California, San Francisco (UCSF) is training the next
19 generation of health sciences students, including doctors, dentists, pharmacists,
20 nurses, and physical therapists, along with students in master's programs and
21 doctoral students who will research new treatments for disease and develop new
22 understandings of the life sciences. Eleven of UCSF's basic sciences programs
23 are ranked in the top 10 programs in the world.¹ Various UCSF professional
24 programs are ranked in the top five or 10 nationally, including a #2 ranking for
25 UCSF's medical school for primary care and a #4 ranking for the medical school
26 for research.² I am proud of my role as registrar in facilitating the admission,
27 registration, graduation, professional licensing, and employment of our students.

¹ www.ucsf.edu/news/2020/10/418856/11-ucsf-research-specialties-rank-top-10-us-news-global-universities-rankings

² www.ucsf.edu/news/2021/03/420146/us-news-best-grad-school-rankings-2022

1 (As I explained in detail in my biographical sketch, despite my references herein
2 to my work and my employer, my testimony reflects my own personal views. My
3 views about my work are my personal views. My testimony may or may not
4 reflect the views of my employer.)

5 Although I would like to describe in some detail the types and purposes of
6 the mailings that I perform in the Office of the Registrar, universities, like other
7 institutions, are targets of IT security threats. Some modern threat actors use
8 social engineering techniques, such as phishing, to gain access to IT systems.
9 Therefore, placing detailed information in the permanent public record about our
10 practices and communications with students would not be prudent. I can, how-
11 ever, provide a general overview of my office's use of the mail.

12 My office uses the mail for four general functions. First, we communicate
13 important information by mail to some applicants for admission to our profes-
14 sional schools and programs, and we communicate essential information by mail
15 to all new students. Second, we communicate some information to current
16 students by mail. Third, we send diplomas to our graduates. Fourth, we send
17 official transcripts of academic records to our students, our alumni, and the third
18 parties that they designate, including employers, professional licensing boards,
19 residency programs, and other universities.

20 The Postal Service's proposal to slow delivery of First-Class Mail would
21 only minimally affect our communication with current students because most
22 students live within a delivery area that would remain two days. We do have
23 students in online programs living outside our local area, so changes in delivery
24 times would affect these communications. In some cases, we use the mail for
25 communications with current students as a supplement to e-mail for time-critical
26 communications because busy students do not always read all e-mail in a timely
27 manner. The loss of overnight delivery of First-Class Mail in 2012 and 2015
28 significantly diminished the value of First-Class Mail to communicate time-

1 sensitive matters to students and increased our reliance on e-mail to deliver
2 information.

3 We also send diplomas to students as First-Class flats and parcels. In
4 addition, we regularly send official transcripts of academic records. Our students
5 and alumni often require expeditious delivery of transcripts for employment,
6 licensing, and further training or education. We allow students to pay a fee for
7 rush processing service in our office and another fee for expedited delivery, such
8 as Priority Mail, Priority Mail Express, or FedEx.³ If the Postal Service slows
9 delivery of First-Class Mail by one or two days, I expect that students and alumni
10 will spend more money to upgrade the processing time in our office or the
11 delivery method to compensate. We also offer secure PDF transcripts. I expect
12 the use of PDF transcripts to rise if the speed of First-Class Mail service declines,
13 providing another example of how slowing the mail will accelerate and broaden
14 electronic diversion of correspondence.

15 Although all mail delivery delays concern me, I am most troubled about
16 the effect of changes in First-Class Mail service standards on my office and our
17 mail recipients for our communications with applicants and incoming students.
18 We recruit students from around the country and the world. The changes in
19 service standards will slow delivery of a significant portion of this mail. Already,
20 some student affairs staff, applicants, and new students are not satisfied that we
21 send this information by mail instead of electronically. The problems typically
22 arise when applicants and students do not receive our first letter for some reason
23 and find themselves confronting a deadline and needing a second copy quickly,
24 or when students are admitted late and must rush to complete various tasks as
25 the academic quarter is starting. Existing international mail delivery times also
26 pose a challenge for use of postal mail for this correspondence.

27 We have stayed with the current process because postal mail works and
28 is secure. An electronic process could work better, but it also could raise

³ Our fees are posted here: registrar.ucsf.edu/transcripts/miscfeeincrease

1 different support challenges when the process fails. Also, developing an
2 electronic process would require time from many technical and functional staff to
3 design and implement, and thus far I have focused our resources on building
4 new functionality rather than replacing processes that, while perhaps not ideal,
5 work reasonably well.

6 A change to four-day and five-day service standards may very well be the
7 tipping point that will drive us to replace the current process with an electronic
8 one. I likely will need to evaluate the quality of service to our applicants and new
9 students against the backdrop of their expectation of instantaneous or fast
10 communication. I also need to satisfy my own internal constituents, the student
11 affairs staff in our schools and programs.

12 For the people that I serve — applicants, students, alumni, and student
13 affairs staff on campus — I can say without reservation that speed of delivery of
14 information is the most important criterion in the conduct of this business. I do
15 not believe that most customers would consider a consistently or reliably slow
16 service to be a replacement for fast service. The changes that the Postal Service
17 proposes in this docket will not provide adequate service.

18 For my personal correspondence to businesses and friends, I also
19 consider five-day delivery to be inadequate. The turnaround time would be too
20 slow and would not match modern expectations for speed of communication.

21 As for my focus, specifically, on five-day delivery, the changes in service
22 standards will disproportionately affect senders and recipients living in the
23 western states and other distant geographic regions of the United States. For
24 mail originating in San Francisco, 38 percent of our current three-day mail will
25 switch to five-day delivery. The proportion switching to five-day delivery is 69
26 percent for Los Angeles, 59 percent for Portland, and 46 percent for Seattle.⁴

⁴ DFC/USPS-T3-10.

1 For First-Class Mail International letters and flats, the Postal Service sorts
2 outgoing international mail from origin P&DCs in the 48 contiguous states plus
3 Alaska to the Air Mail Center at JFK International Airport in New York for proces-
4 sing, regardless of the destination. Thus, a letter from San Francisco to British
5 Columbia, Tokyo, Mexico, or Sydney first goes to JFK. Currently, international
6 mail sent from the West Coast is sorted at JFK as soon as two days after mailing,
7 although this time period sometimes extends several days longer. If the Postal
8 Service starts transporting mail from the West Coast to New York by truck, this
9 change will add two to three days to the already potentially long total delivery
10 time for international mail, rendering international mail less useful and practical
11 for business and personal correspondence than it is now. Five days may pass
12 before international mail from the West Coast even departs from the United
13 States.

14 **Loss of Volume**

15 The Postal Service asked witness Thress to estimate the loss of mail
16 volume that will result from the current proposal, which would slow delivery of
17 approximately 39 percent of mail by one or two days and slow delivery of
18 approximately 10 percent of mail by two days.⁵ The Postal Service estimated
19 that delivery times will increase by 18 percent overall. Witness Thress used this
20 number in his model to produce an estimate of the loss of volume that the current
21 proposal will cause.

22 Although I understand witness Thress's analysis, I believe that it overlooks
23 how customers actually think about mail delivery times and whether to use the
24 mail. According to USPS-LR-N2021-1/9, the current average delivery time for
25 First-Class Mail is 2.5693 days, and the projected increase is to 3.0508 days. In
26 all my years as an individual mailer or as the registrar at UCSF, I have never
27 observed people thinking about their mail as taking, for example, 2.5693 days to
28 be delivered. Instead, they want to know whether it will be delivered in two,

⁵ USPS-T-3 at 22.

1 three, or more days. When students and alumni are deciding whether to pay for
2 rush transcript processing or to upgrade from First-Class Mail to an expedited
3 delivery service, or to purchase a secure PDF transcript instead, they are
4 considering discrete numbers of days to delivery, not decimal numbers.

5 Since most people think in discrete numbers, we are not going to consider
6 the change in service standards as increasing delivery times for our mail from
7 2.5693 days to 18 percent more, or 3.0508 days. Instead, we, and the public in
8 general, will need to think of the mail as taking two to five days instead of two to
9 three days. The focus will become five days, in part because people do not know
10 the Postal Service's service standards in detail and will have minimal basis for
11 thinking that five-day delivery might not apply to their mail. People will consider
12 the longest time in the range. Thus, for our mailings to applicants and new
13 students, we will need to consider whether a process that may require five days
14 for delivery instead of three will still meet our needs. (Since the fifth day can be a
15 Sunday or holiday, we might need to imagine that the mail could require six or
16 even seven days, such as for a Tuesday mailing to a five-day destination with an
17 upcoming Monday holiday.) Translated to a percentage, our thought process, by
18 focusing on two to five days instead of two to three days, will consider the
19 change in service standards to be a 67-percent increase in delivery times, not an
20 18-percent increase. Our consideration of a five-day delivery standard is prac-
21 tical because we recruit students from around the country, and enough of our
22 mail will be subject to a five-day delivery standard to cause us to review our
23 processes.

24 I am concerned, therefore, that witness Thress is essentially plugging a
25 number into an equation, but the magnitude of the change in delivery times is so
26 large and so unprecedented that an 18-percent overall increase in delivery times
27 does not begin to capture the effect of this change on the behavior of the mailing
28 public. No historical data exists to predict the effect of a change of the proportion
29 proposed in this docket. In fact, the 2020 presidential election and the pandemic
30 focused public attention on speed of mail delivery and revealed that the public

1 cares about speed very much. The public may even care more about speed now
2 than prior to 2020, thus weakening the reliability of historical data relating mail
3 volume to speed. Extending mail delivery times by two days could very well be a
4 tipping point that prompts changes in mailing behavior that previous changes in
5 service standards did not. Therefore, I believe that the Postal Service is under-
6 estimating the loss in volume that the changes in service standards will cause —
7 or, at the very least, is underestimating the risk of a major loss of volume.

8 **Customer Preferences**

9 Witness Monteith testified that, if the new service standards are imple-
10 mented, the Postal Service would expect to achieve on-time performance 95
11 percent of the time.⁶ Witness Monteith further asserted, “Consistent service
12 performance will likely better align customers’ expectations with actual delivery
13 performance. As a result, these proposed changes may improve customer
14 satisfaction and minimize any financial impact resulting from the changes by
15 increasing the Postal Service’s ability to consistently deliver mail within the
16 customers’ expectations.”⁷ In reality, the changes that the Postal Service
17 proposes in this docket will not improve customer satisfaction for two reasons.

18 First, in more than 35 years of closely observing the Postal Service and
19 the shipping industry, I cannot recall an instance in which a postal service or
20 shipping company increased customer satisfaction by slowing delivery service.
21 Quite the contrary, all else equal, speed is important to most shippers and
22 recipients. As the Internet and various local delivery services increase the speed
23 of life and commerce, the importance that customers place on speed is increas-
24 ing, not decreasing. The proposal in this docket will not increase customer
25 satisfaction because it violates the central tenet of the shipping industry that
26 faster is better than slower.

⁶ USPS-T-4 at 19.

⁷ *Id.*

1 Second, the Postal Service misunderstands how customers think of
2 delivery times and service performance. In all my years of discussing postal
3 issues with members of the public who do not work in or study the mailing
4 industry or the Postal Service, I have never met a person who actually knows the
5 Postal Service's service standards. Specifically, most people do not know that
6 service standards exist or, if they assume that standards of some kind exist, they
7 do not know much about the standards. Some people may have investigated the
8 service standards between a few city pairs for particular mailings, but their under-
9 standing is not broad. They do not know the nationwide design of the service
10 standards, such as two-day delivery within a six-hour truck drive time between
11 origin and destination processing plants. When we had overnight delivery of
12 First-Class Mail, most people I met did not know, or underestimated, the
13 geographic reach of the one-day and two-day delivery areas. While witness
14 Monteith is theoretically correct that meeting service standards a higher percent-
15 tage of the time could, all else equal, prompt an increase in customer satis-
16 faction, his assumption that customer expectations of delivery times align with
17 service standards is unsupported, if not incorrect.

18 Instead, in my observation, the public has a general idea of how long mail
19 takes to be delivered. People gain this information from anecdotal experience
20 over the course of many years. Individual customers' expectations about
21 delivery times thus are based in part on the service level that the current service
22 standards *produce* — as distinct from the service standards themselves, which
23 they probably do not know. For example, in FY19, the Postal Service delivered
24 on time 81.4 percent of the mail committed to a three-day to five-day standard.⁸
25 (Since the three-day standard is the maximum within the 48 contiguous states,
26 and mail within the 48 states comprises most of the volume, this score is largely
27 providing service performance results for mail subject to the three-day standard.)

⁸ SH/USPS-T1-2.

1 By the fourth day, 93.9 percent of the mail was delivered, and by the fifth day,
2 97.2 percent of this mail was delivered.⁹

3 Under the Postal Service’s proposal, some of this mail will shift to a four-
4 day or five-day service standard, for which the performance target will be 95
5 percent. For mail for which the service standard changes to four or five days,
6 customers will notice that the mail has slowed, particularly if the mail shifts from
7 air to surface transportation and never is delivered in three days anymore. An
8 81.4 percent chance of delivery in three days is much better than no chance of
9 delivery in three days. Postal managers might congratulate themselves on a job
10 well done if they achieve slow delivery in four or five days 95 percent of the time.
11 However, the public will not share this opinion because the public is not thinking
12 in terms of specific service standards. Also, the public is not closely monitoring
13 delivery times of enough of its mail to perceive a change in on-time performance
14 in relation to a service standard. For example, I doubt that most customers who
15 mail a bill payment in advance of the deadline check later to see in exactly how
16 many days the letter was delivered and determine whether the delivery time met
17 the service standard. As long as they are not assessed a late fee, the mail was
18 delivered on time.

19 However, if the proposal in this docket is implemented, the public *will*
20 notice that some of the mail that previously was delivered in three days is now
21 taking longer for delivery. The public will perceive the change as a deterioration
22 in service, which is exactly what it would be, even if the Postal Service defined
23 the slower delivery as more reliable. Indeed, reliability, itself, is a subjective and
24 amorphous term, and whether customers would consider five-day service cross-
25 country to be reliable at the conceptual level is an open question, even if the
26 Postal Service consistently delivered in five days.

27 I understand that Postmaster General Louis DeJoy wrote the following
28 statement to industry mailers on April 19, 2021: “While some mail will be subject

⁹ *Id.*

1 to slightly longer service standards, the truth is that we have not been able to
2 meet the current standards for many years and we have no reasonable prospect
3 of ever meeting them.”¹⁰ From this statement does not follow the conclusion
4 reflected in the proposal in this docket that customers would prefer for mail to be
5 delivered, for example, 95 percent of the time in exactly five days instead of more
6 than 80 percent of the time in three days. Moreover, this proposal fails to
7 recognize that, for more than a century, mailers in the United States and other
8 developed countries have understood the implicit bargain of a postage stamp: for
9 a modest price, the postal service will do the best that it can to deliver the mail
10 fast; the mailer probably will receive very good delivery service; but no guarantee
11 exists for the delivery date, and the letter could be delayed. Unfortunately, the
12 Postal Service proposes in this docket to slow the service and prepare to declare
13 that service has improved. And, in a separate docket, the Postal Service
14 proposes to raise the price.¹¹ These actions violate the fundamental trust that
15 Americans have placed in the Postal Service for decades to develop and
16 promote adequate and efficient postal services, as 39 U.S.C. § 403(a) requires.

17 Worse yet, the Postal Service is advocating for the current plan without
18 having sought the opinions, through representative market research or otherwise,
19 of the hundreds of millions of individual household mailers who rely on the Postal
20 Service. Therefore, the Postal Service does not know whether the public agrees
21 with this plan to slow mail delivery or whether this plan will provide adequate
22 service to the public. I am startled that the Postal Service would advance such a
23 dramatic plan to reduce service without providing any evidence that the public
24 supports it. I am confident in my assessment that the public would view a shift of
25 First-Class Mail from planes to trucks as a step backward that is inconsistent with
26 the needs of mailers in the 21st century for speedy communication.

¹⁰ www.linns.com/news/postal-updates/pmg-dejoy-criticizes-mailing-industry-usps-in-scathing-letter

¹¹ Docket No. R2021-2.