

**BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON DC 20268-0001**

SERVICE STANDARDS AND )  
PERFORMANCE MEASUREMENT FOR ) Docket No. PI2007-1  
MARKET DOMINANT PRODUCTS )

**COMMENTS OF  
MAGAZINE PUBLISHERS OF AMERICA, INC.  
AND ALLIANCE OF NONPROFIT MAILERS  
ON NOTICE OF REQUEST FOR COMMENTS**

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The Alliance of Nonprofit Mailers (“ANM”) and Magazine Publishers of America, Inc. (“MPA”) respectfully submit these joint comments in response to Order No. 21, the Notice of Request for Comments on Modern Service Standards and Performance Measurement for Market Dominant Products (“Notice”) issued by the Commission on June 13, 2007, and published at 72 Fed. Reg. 34424 (June 22, 2007).

**I. SERVICE STANDARDS**

The Magazine Publishers of America (MPA) and Alliance of Nonprofit Mailers (ANM) and their members are active participants in the Periodicals subgroup of Mailers Technical Advisory Committee (MTAC) Workgroup # 114 – Establish Service Standards and Measurement. We greatly appreciate the significant investment of time and effort by all participants in the workgroup, including mailers, the Postal Service, and the Commission staff. The mailer participants in workgroup have included a broad range of Periodicals mailers, with varying frequencies of publication, including daily, weekly, and

monthly. There has been strong consensus among the workgroup as to both appropriate service standards and measurement systems for Periodicals.

MPA and ANM agree with the general consensus of industry participants in the subgroup that the existing service standards for Periodicals,<sup>1</sup> if consistently met, would be acceptable. The existing service standards for Periodicals range from one to seven days and are generally equivalent to Postal Zone minus 1. Because of the large amount of destination entry in the Periodicals class, the existing standards call for next-day delivery of most Periodicals, and delivery within three days for approximately 95 percent.

Similarly, we believe that the existing service standards for Standard Mail would be an appropriate baseline standard if applied at an appropriate level of specificity and subject to periodic review and revision as technology changes.

It is crucial, however, that the Commission be vigilant in preserving existing service standards against unilateral redefinition by the Postal Service. Through our participation in the MTAC process, we are aware that the Postal Service is performing an internal review of its existing standards. These service standards have not undergone an in-depth review in many years, and we understand the Postal Service's desire to review the current service standards as part of the MTAC workgroup. As part of this review, for the first time the Postal Service is looking at the "business rules" for both transportation and mail processing operations to ensure the reasonableness of the service standards. We understand that preliminary indications are that the current

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<sup>1</sup> USPS Library Reference N2006-1/2, USPS Service Standards CD-ROM.

service standards will remain unchanged for most Periodicals volume. We hope that result will carry through to the end of the review process. Limited adjustments to align standards for specific city pairs with the current postal network may be appropriate. We see no basis, however, for any systemwide downward redefinition of acceptable service levels.

Likewise, the Commission should establish safeguards to prevent the Postal Service from modifying critical entry times (“CET”) without independent review. A CET is defined as “[t]he latest time a particular class of transported mail can arrive at the destination post office to meet the service standard for mail processing, dispatch, and final delivery.”<sup>2</sup> CETs are a critical aspect of service, which the Commission should consider in its consultation with the Postal Service. For example, if a CET is changed from 5 PM to 1 PM, mail that is entered between 1 PM and 5 PM would generally be delivered a day later. Changes in CETs are effectively changes in service standards.

Our members are particularly concerned that the Flats Sequencing System (“FSS”) deployment will shift CETs for flats destinating in some ZIP Codes forward by several hours to the early afternoon. Such a shift could be problematic for many publications (particularly weeklies) because their tight production schedules and long-standing transportation arrangements may not allow earlier entry at postal facilities. We encourage the Commission to scrutinize such changes closely.

Further, the Postal Service should not be allowed to comply with the rate index of the Postal Accountability and Enhancement Act simply by reducing service levels. If

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<sup>2</sup> USPS Library Reference N2006-1/1, Glossary of Postal Terms at 29.

service standards are reduced or CETs shifted earlier, those operational changes are tantamount to a rate increase. While we do not propose that the Commission adjust the Section 3622(d) index for *de minimis* or isolated changes in service standards, substantial and systematic changes warrant an offsetting adjustment to the rate index to reflect the lower quality of service being offered.

## **II. SERVICE PERFORMANCE MEASUREMENT**

MPA and ANM agree with the view of the Postal Service that, in the long term, the simplest and best way to measure service performance for Periodicals and other classes will be through the use of Intelligent Mail Barcodes. First, this approach will yield a huge amount of data that will allow performance to be measured and reported at a detailed level. Second, the data will be collected as a byproduct of operations—i.e., whenever the Postal Service scans an Intelligent Mail Barcode—which should limit the system's cost.

Such a system, however, is not yet ready for Periodicals. First, the implementation of Intelligent Mail Barcodes is still at an early stage, especially for flat-shaped mail. Tests to marry the ability of printers to apply Intelligent Mail Barcodes to flats with the ability of the Postal Service's current stock of equipment to read the barcodes as applied are ongoing. At least for one piece of equipment, the UFSM 1000, low barcode read rates remain a serious challenge.

Second, Intelligent Mail Barcodes are scanned (and data recorded) when pieces are sorted on postal automation, not at the point when the mailing is accepted by the Postal Service or when a mailpiece is delivered. Thus, appropriate "start-the-clock" and

“stop-the-clock” protocols for an Intelligent Mail Barcode solution still need to be developed.

In the interim, we recommend that the existing “Red Tag” measurement system be adopted for measuring service performance for Periodicals. Red Tag is a “seed” sample-based system managed by the Red Tag News Publications association that many magazine publishers have used for a long time to measure the Postal Service’s performance.

Red Tag News Publications is a not-for-profit association of consumer and business magazines who have a common interest in improving the delivery of their publications in the mail. To do this, Red Tag has developed a network of individuals around the country who receive free magazine subscriptions in return for reporting (by phone or the internet) the day the magazines arrive. See [www.redtag.org/redtag/init.asp](http://www.redtag.org/redtag/init.asp).

The Postal Service has given preliminary support to using the Red Tag seed sampling system as an interim solution. Tests are currently ongoing to verify the accuracy of the “start-the-clock” methodology used in the Red Tag system.

### **III. SERVICE PERFORMANCE REPORTING**

MPA and ANM also agree with the testimony of Randy Stumbo, Sister Georgette Lehmoth, John Carper, and a number of other witnesses regarding the need for the Postal Service to regularly disclose service performance data to mailers. In their testimony before the Commission in Kansas City, Missouri, Wilmington, Delaware, and

Los Angeles, California, respectively, they called for the Postal Service to frequently report service performance by geographic area. Mr. Stumbo testified, for example:

Performance reporting on those standards must be timely, accurate and meaningful. Those statistics should be both of a regional nature and summarized on a system-wide level. Major markets should be defined as individual regions. The statistics should be developed on an ongoing basis and made available to the public monthly at the regional level.

Field Hearings of PRC in Docket No. RM2007-1, Tr. 41 (June 22, 2007) (oral testimony of Randy Stumbo, Senior Director of Distribution and Postal Affairs, Meredith Corporation).

Similarly, John Carper testified:

[We] urge the Commission to adopt a measurement system that provides objective, detailed, and timely information on mail service performance to each 3-digit ZIP Code prefix. The information should be updated at least monthly.

Field Hearings of PRC in Docket No. RM2007-1 (June 28, 2007) (oral testimony of John Carper, Director of Mail & Receiving Services, Pepperdine University).

Finally, Sister Georgette testified as follows:

We urge the Commission to make USPS service performance much more transparent. To this end, we believe that the Commission should establish service measurement systems that provide accurate, independent, and frequent (perhaps monthly) reports on how long mail service takes for each major class of mail. Because service can vary widely from one region and district to another, we believe that the service reports should provide information broken down by 3-digit ZIP Code prefix.

Field Hearings of PRC in Docket No. RM2007-1 (July 9, 2007) (oral testimony of Sr. Georgette Lehmuth, President and CEO of the National Catholic Development Conference).

Frequent reporting of service performance data by geographic region will not only help our members plan their mailings, but will also allow mailers to work collaboratively with the Postal Service to resolve service performance issues. Further, since the Postal Service intends for its class-specific service standards to be developed, expressed, and maintained on a detailed basis by origin-destination pairs of three-digit ZIP Code prefixes, it is important that the service measurement system report on the Service's performance on the same consistent basis. Only then can mailers and the Commission properly evaluate service performance against each class' service standards. As participants in the MTAC service standards workgroup, we are aware that developing appropriate service metrics and reporting is the next task facing each of the subgroups. MPA and ANM will continue to support frequent disaggregated reporting to meet the needs of mailers and similar, but annual reporting to the Commission for its compliance reviews and potential penalty assessments. We recognize that disaggregated reporting will be challenging during the period while service performance is measured under the interim sample-based Red Tag measurement system. Reporting at this level should not present challenges once the Postal Service deploys the long-term Intelligent Mail Barcode service measurement system.

## CONCLUSION

The Alliance of Nonprofit Mailers and Magazine Publishers of America, Inc., respectfully request that the Commission adopt the standards and procedures proposed herein.

Respectfully submitted,

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