

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON DC 20268-0001

SERVICE STANDARDS AND
PERFORMANCE MEASUREMENT
FOR MARKET DOMINANT PRODUCTS

DOCKET NO. PI2007-1

COMMENTS OF DAVID B POPKIN

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Respectfully submitted,

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The primary Market Dominant Product of the United States Postal Service is the First-Class Mail service. This includes the single-piece service as well as the presorted service. I will confine most of my comments to the single-piece category. There are three major areas for the delivery of this mail, namely, the induction of the mail, the processing and transportation, and the ultimate delivery.

A high percentage of the single-piece First-Class Mail items enter the system via the blue collection boxes. The service standards are affected by the level of service that is provided in the collection of mail from these blue collection boxes. The required level of service at these blue collection boxes is provided in Sections 311 through 326 of the Postal Operations Manual [POM].

Over the past number of years, there has been a considerable reduction in both the number of blue boxes available and in the collection times at the remaining boxes.

For example, a collection box at a city delivery office must have a weekday collection time of 5 PM or later if:

[a] It generates a weekday daily average of 100 or more pieces [POM 322.1].

[b] Is located in front of a main office, classified station or branch, or an SSPC [POM 322.22b].

[c] Is needed so that a customer will not have to travel more than 2 miles to a box [POM 322.22a].

In spite of these requirements, the Postal Service has reduced the number of 5 PM collection boxes. For example, throughout the entire Borough of The Bronx in New York City, there is only one collection box location that has a 5 PM weekday collection time.¹

Residential collection boxes require the latest possible collection time [POM 323.41]. For example, evaluation of the collection boxes that are not in front of the local post office in the Rockland County NY area [ZIP Code area 109] shows that 14 of the 16 boxes in Nyack 10960; all 7 boxes in Stony Point 10980; and all 3 boxes in Tappan 10983 have weekday and Saturday collection times of only 9 AM. By making the collection times this early, it either forces the customer to drive to the post office to utilize the 5 PM collection or to delay their mail by a day or more.²

My perception of this cut back in collection boxes and in the collection time is a result primarily of the EXFC system. For example, EXFC will measure the overnight mail from Tappan NY to Stony Point NY and it is a lot easier to process this mail and achieve overnight delivery if the mail is inducted into the system at 9 AM than if it is inducted at 5 PM. EXFC works with calendar days so Tuesday is Tuesday regardless of when the mail must be inducted.

The EXFC program has done a number of positive things to improve the mail delivery. The main effect has been to ensure that all collection boxes are collected at or after the posted time, that all of the mail is properly processed, that missent mail is redirected on the same day, etc.

¹ 5 PM weekday collection at 3300 Connor Street, Bronx NY 10475 - location of the Co-Op City classified station.

² The added delay of 2 or more days could occur with the effect of non-delivery days.

Unfortunately, one of the effects of EXFC has been the removal of collection boxes and the making of final collection times much earlier than they should be.

I wonder why the Postal Service has such an obsession with making the collection times earlier and earlier. The following testimony of USPS Witness David E. Williams in Docket No. N2006-1 at pages 546 and 547 would appear to indicate that the drive for getting the mail to the plants earlier is no longer needed.

Because we've got excess capacity in our facilities, because we've introduced technology in the form of optical character readers and very very high speed automation, because we have the equipment that provides us much greater depth of sort in our distribution operations, all those technology changes have decreased the cycle time, that is that time that it takes to process mail. We process mail much much faster to greater depths of sort in our facilities, and you couple that with the very significant decreases in single piece first class mail, the fact that we've got tremendous excess capacity in our originating operations because our mailers are dropping deeper and deeper into our system. It's that operating window that has traditionally been full of mail with much slower equipment. All those factors combined have created a great opportunity to have mail come in later and still allow us to get greater depth of sort much quicker and to be able to meet the operating plan of that facility. It doesn't mean that we've got to change collection box changes. We're leveraging technology, taking advantage of the excess capacity to process this mail within the boundaries of the operating plans.

Many collection boxes are collected well after the posted time. This forces mailers to either mail earlier than necessary or forces them to travel to other boxes to receive timely dispatch. The Postal Service should adopt a basic policy that first makes the posted collection time as late as possible to achieve the dispatch on the existing

transportation³ and then an evaluation should be made to determine if a change is necessary in the transportation.

Presently, the EXFC Program is only conducted a 463 3-digit ZIP Codes. Since that number achieves coverage of 90% of the originating mail and 80% of the destinating mail, EXFC should be extended to the rest of the country. Perhaps it could be utilized on one random, unannounced week per month to extend the advantages of the Program to the rest of the ZIP Code prefixes and still do it at a reasonable cost.

Since the EXFC Program is completely external to the Postal Service, it does provide the most accurate, independent data and should be retained for First-Class Mail.

The second item to consider is the effect of the processing and transportation on the delivery standard. Currently, First-Class Mail is delivered nationwide in one to three days. There is no reason to change the one to three day standard. The only point of discussion is where to draw the line between overnight and 2-day service and between the 2-day and 3-day service areas.

In the Direct Testimony⁴ of Pranab M. Shah in Docket No. N2006-1 it was indicated that any single SCF or 3-digit ZIP destination within a 3-hour dock-to-dock transit time that receives more than 1.5% of a facility's originating volume should be evaluated for inclusion in the overnight area, based upon operational and transportation feasibility, and customer needs.

In the litigation of Docket N2006-1⁵, I determined that there were 27 SCFs that were within a 3-hour drivetime from the Northern NJ P&DC located in Teterboro, New Jersey. Ten of these SCFs individually accounted for 1.5% or more of the origin volume

³ For example, having a final collection time in front of the post office of 10 AM on Saturday when the final dispatch on Saturday is 5 PM [so that mail collected by carriers on their route can be dispatched the same day]/

⁴ Attachment page 2

⁵ Response to Interrogatory DBP/USPS-6.

of that P&DC. Yet only 5 of these SCFs that meet the two requirements actually have overnight service.

My perception is that many of the suburban areas around many large metropolitan cities around the country do not comply with an overnight evaluation of areas that meet the two criteria for overnight mail delivery. This is based on the data that I provided in Interrogatory DBP/USPS-694 in Docket No. R2006-1.

The Postal Service should be required to develop and present for evaluation and discussion a set of standards that can be complied with on a national basis and which will meet the needs of the mailing community.

Likewise, the line between 2-day and 3-day delivery standards does not take into account the needs of the mailing community. In 2000, the Postal Service came up with a system to plug the address for the originating P&DC and the destinating ADC into a computer and calculate a hypothetical drivetime between these two addresses. If it was 12 hours or less, then it would be 2-day delivery; if it was 12.1 hours or more, then it would be 3-day delivery.

The criteria indicated that areas that are within the same state should be either overnight or 2-day delivery. Yet in response to Interrogatory DBP/USPS-7 in Docket N2006-1, the Postal Service indicated that there are 295 Service Standard pairs that do not meet this criteria.

In response to Interrogatory DBP/USPS-81 in Docket N2006-1, the Postal Service provided a listing of only 18 ZIP Code pairs in four areas of the country where the service standard for Priority Mail is overnight and for First-Class Mail is 2-day delivery. The Postal Service should consider expanding this concept and increasing the value and use of Priority Mail.

Currently, the Postal Service provides EXFC on-time performance for each of the EXFC performance clusters with the data apparently rounded off to the nearest percent. The data should be provided to two decimal places as it used to be. This would allow for a more useful interpretation of the data. The average days to delivery should also be provided as well as the margin of error of the data being provided. This data should be provided each quarter and readily made available to the mailing public on the USPS website.

The Postal Service should also provide data, at least on an Area basis, showing the percentage of mail that is delivered in up to five days [one day at a time] over the delivery standard. This would allow the mailing public to determine the extent of the "tail" of the delayed mail.

The Postal Service should provide and post in each facility a map and ZIP Code listing showing the overnight, 2-day delivery area, and 3-day delivery area for First-Class Mail and Priority Mail. The map would be similar to that which is on the Service Standards CD Rom. This would allow customers to make more informed choices of the service utilized.

With respect to the delivery of mail, the time at which box mail must be delivered should be required to be posted on an individual facility basis rather than on a District-wide basis as done in the Northern New Jersey District⁶. Once again this is an effect of the EXFC program since an EXFC may be delivered up to 11 AM without being late.

Currently, all of the Package Services⁷ mailpieces are in the same processing system and therefore have the same delivery standards. This should be maintained. Since the percentage of on time delivery for Package Services is very low - 39 to 62

⁶ All NNJ offices show an 11 AM time even though the normal time the mail is completed may be over an hour or more earlier.

⁷ Parcel Post, Media Mail, Bound Printed Matter, and Library Mail.

percent⁸, the Postal Service must improve the processing of this mail to achieve a more consistent service.

Package Services - Retail

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|------------------------|-----|
| 2-day Service Standard | 62% |
| 3-day Service Standard | 39% |
| 4-day Service Standard | 46% |
| 5-day Service Standard | 52% |
| 6-day Service Standard | 45% |
| 7-day Service Standard | 48% |
| 8-day Service Standard | 53% |
| 9-day Service Standard | 61% |

Data must also be provided to show the delivery time for the various classes of single-piece International Mail. At the present time, the Postal Service only provides generic - non-country specific - data. This makes it more difficult for mailers to know when their mail will be delivered.

⁸ <http://www.usps.com/serviceperformance/retailpackage.htm>