

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

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

**REPLY COMMENTS OF  
NATIONAL POSTAL POLICY COUNCIL  
(July 30, 2007)**

The National Postal Policy Council (“NPPC”) respectfully submits these reply comments in response to Order No. 21, *Notice of Request for Comments on Modern Service Standards and Performance Measurement for Market Dominant Products*, issued by the Commission on June 13, 2007, and published in the Federal Register at 72 Fed. Reg. 34424 (June 22, 2007). These reply comments are brief. The initial comments reveal a broad consensus in support of the general principles advocated in our initial comments.

(1) There is general agreement that modern service standards should be realistic, attainable, consistent and reliable, and that the Postal Service’s existing service standards, if consistently met, would serve as an appropriate starting point. NPPC-ABA 2; ANM-MPA 2; Bank of America 2; DMA 2; NAPM 1; Pitney Bowes 3-5; Remittance Mail Coalition 2-3.

(2) The Postal Service should not be permitted to lower existing service standards in any significant way by unilaterally defining them down. While limited changes to service standards may be appropriate (e.g., the realignment of standards for specific city pairs as the postal network changes), any major downward redefinition of

acceptable service levels should not be permitted to occur without outside review. NPPC-ABA 2; ANM-MPA 2-3; PostCom 2.

(3) Critical entry times (“CET”) should also be specified in the service standards, and changes in CETs should be subject to the same review process as changes in delivery times. NPPC-ABA 2-3; ANM-MPA 3; PostCom 2; Bank of America 2; Netflix 3; Time-Warner 2-3. Advancing the critical entry time forward is equivalent to moving the delivery time backward. Advancing the CET for a First-Class mailing from 9:00 PM to 3:00 PM, for example, effectively disqualifies a substantial portion of the mail entered during that day for next day delivery in the overnight service area. For that mail, an additional day has been added to its delivery time. This is a significant issue for NPPC’s members. Large mailers can generate tens of thousands of pieces of mail in an hour—for some mailers close to a hundred thousand pieces. A five hour advance in the CET change could amount to a one-day delay in delivery for several hundred thousand pieces of mail each day from such a mailer.

(4) Development of an effective system of performance measurement is as important as, if not more important than, the development of service standards. An effective system of performance measurement must provide data on actual performance must be detailed (i.e., geographically disaggregated), accurate, reliable and current. Moreover, the performance reports should indicate not only the *average* time for mail delivery between two points, but the *distribution of the variance* from standard for the portion of the mail that is delivered late (sometimes referred to as the “tail of the mail”).<sup>1</sup> Performance reports that are infrequent or highly aggregated

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<sup>1</sup> The “tail of the mail” issue is particularly acute for the remittance mail industry. Every additional day that a remittance transaction remains undelivered imposes an equal

handicap mailers from protecting themselves by changing their mail entry times or locations, and allow regional service problems to evade public scrutiny. NPPC-ABA 3; ANM-MPA 5-7; PostCom 4-5; Bank of America 3; DMA 2-3; DFS 2; NNA 6; Remittance Mail Coalition 5-6. Appropriate measures of service performance also must report on the elapsed time for end-to-end service, not the time between intermediate points that fail to include both original entry and ultimate delivery. GrayHair Software 2. While the latter data may also be useful, much of the potential delay in mail service occurs at the extremes of the network—at the point of entry, before containers of mail receive their initial processing, and at the delivery unit.

The legislative history of the PAEA underscores that Congress regarded such partial measures of service performance as insufficient. To be specific, the external First Class Measurement system (“EXFC”) was long since established and operating by the time the PAEA was developed and enacted. Yet, in section 3691(b)(1)(D), the Congress mandated the establishment of a “system of objective external measurements for *each* market-dominant product,” which would include First-Class Mail. Why call for an objective measurement system if ones were in place? Clearly, that is because the Congress had something else in mind. In our view, an end-to-end system is that something else.

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additional cost on the addressee, based upon the size of the payment and the collecting firm’s cost of capital. Additionally, bill payers generally hold the payment processor responsible for any delays in payment posting that cause late fees, interest rate increases, credit rating deterioration, or other negative consequences – whether the actual cause was within the payment processor’s control or not. In particular, many bill payers time the release of payment with expectation of mail performance and have little forgiveness for deviation. The remittance industry needs a performance measurement system that distinguishes the distribution of late delivery by days of lateness. See RMC Comments.

(5) NPPC's members share the hopes of the Postal Service and others that a passive data collection system such as Intelligent Mail is likely to offer the most cost-effective system for collecting the necessary data. See, e.g., Pitney Bowes 6-7. Until Intelligent Mail data delivers accurate data on *end-to-end* performance between origin-destinations pairs that account for most mail volume, however, alternative or interim data collection systems may also be necessary. ANM-MPA 4-5; PostCom 4; MMA 4; NNA 6-12; OCA 26; Remittance Mail Coalition 3-7.

### **CONCLUSION**

NPPC respectfully requests that the Commission base its recommendations on the principles stated in these comments.

Respectfully submitted,

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