



January 18, 2008

Postal Regulatory Commission  
901 New York Ave., N.W., Suite 200  
Washington, DC 20268-0001

The United States Postal Regulatory Commission (PRC) issued a Notice Of Request For Comments On Service Performance Measurement Systems For Market Dominant Products on December 4, 2007. The Major Mailer's Association (MMA), comprised of many of the largest First-class mailing companies in the nation, provides the following comments on the proposed service performance measurement standards:

MMA believes that the USPS proposal for service performance measurement provides a high level solution that can minimize costs. Coupling EXFC with Intelligent Mail Barcode (IMB) data will provide a more reliable and statistically valid system. MMA wishes to point out that building a viable measurement system relies upon mailer buy-in. The USPS proposal is based on broad assumptions that must be verified and generic processes that may not be suitable for large mailers to participate. Also, MMA would point out that caller service, which is critical to the remittance mail stream is not being measured.

### **1) First-Class Presort Measurement Approach**

MMA agrees that the "start-the-clock" and "stop-the-clock" elements are critical to service measurement. If there is a disagreement between mailers and the USPS about service performance, it usually is in regards to the "start-the-clock." The proposal defines that the "start-the-clock" occurs when "the Postal Service will scan barcodes to record mail arrival at sites that are equipped with scanners. At other sites, the "start-the-clock" will be the documented arrival time at the Postal Service unit." MMA is concerned that the accuracy and accountability may fall short. Many large First-Class mailers use the USPS PostalOne! Transportation assignment system. Most have a Detached Mail Unit (DMU) for on site verification and acceptance of their mail. After transportation is assigned, trays are separated, as directed by the USPS, and placed on pallets. The mail that is transported via an air carrier can bypass all USPS processing and may not even go to a USPS facility until it reaches the end destination. The same is true where whole trailer trucks of mail are dispatched directly to specific, distant mail facilities. Most other mail entered by large mailers like MMA members is cross docked and, therefore, does not get scanned until the destination office.

Complicating the “start-the-clock” is the Critical Entry Time (CET). For First-Class mail entered at a DMU or local plant, the true CET will vary based on the destination of the mail. For example, the CET for local mail in the overnight delivery area may be as early as 6pm. Mail going to nearby communities that are a two day service commitment may not need to be at the USPS facility until 2am, the following morning. MMA believes that the “start-the-clock” must be based on the CET needed to meet processing or transportation deadlines, not an arbitrary single CET for all mail. Generally, CET is established by local USPS personnel, causing significant variations between mailers. MMA would encourage the USPS to better define how CET will be established and the process for changes in CET.

The USPS states that “electronic mailing information” will be used to get an accurate “start-the-clock.” Various MTAC workgroups have been tasked to define the Intelligent Mail requirements for January 2009. However, to date there is not a published standard for what needs to be included in the electronic documentation. Lack of clarity places a service performance system at risk. Resources to program, test and deploy may not coincide with the establishment of a measurement system. MMA asks the Commission and the USPS to focus on the data needed to create the service measurement system and not burden this effort with requirements that could delay such a system.

## **2) First-Class Presort Flats measured by EXFC**

MMA is somewhat confused by the measurement approach for First-Class presorted flats. In table #1 and footnote #3, the USPS states that EXFC will be used as a proxy for First-Class presorted flats. MMA acknowledges that the volumes are relatively small. However, in order to qualify for automation rates mailers are being required to adopt the use of the IMB and other processes that are identical between letters and flats. It appears from the description in section 2 that presorted flat mail data will be used along with the letter mail data. It is unclear to MMA why the flats cannot be supported by the same letter mail process.

## **3) First-Class Presort Stop-the-clock**

MMA supports the approach for determining the delivery performance. It seems reasonable and cost effective to apply the “delivery factor” to pieces prepared by large mailers. The external reporters will add credibility to the overall measurement system.

## **4) First-Class Presort Reporting**

MMA would suggest that the volume be included for every report so Commission, mailers and the public can see the relative weighting. Also, there should be some capability to capture early delivery of the mail. Early delivery statistics could be valuable to the Commission in analyzing service standards.

The USPS proposed Service Performance report needs to be provided on a monthly basis and report down to the 3-digit level. Based on USPS estimates there should be sufficient volumes to report monthly. Quarterly reporting provides the opportunity to smooth the results, especially for peak mailing periods. First-Class mail has cycles and

peaks. For example, year-end tax documents and quarterly statements substantially increase First-Class volumes during certain months.

The mail variance report should be a monthly report down to the 3-digit level. MMA members have experienced extreme differences in mail delivery going to a district. The variance report would then highlight inconsistencies in USPS mail processing schemes and transportation.

The annual reporting appears to be reasonable.

#### **5) First-Class Single-Piece International Mail**

MMA supports the USPS proposed system.

#### **6) Intelligent Mail Adoption**

MMA believes that the adoption rate for Intelligent Mail is understated. The USPS table #8 indicates that only 25% to 50% of First-Class presort letters will convert in 2009. That does not seem reasonable based on the USPS requirement that mailer must convert to the Intelligent Mail Barcode in order to qualify for automation rates. The only wild cards in the conversion would be the undefined requirements or overburdening the mailers with data requirements beyond service measurement.

If the USPS keeps the data requirements tightly focused on service measurement, mailers will be able to transition more quickly to the Intelligent Mail Barcode. MMA does not wish to minimize the effort that must be made by mailers to manage large volume of data that is needed for use in the proposed measurement system. MMA's limited understanding of the requirements is that they include having mailers generate unique Intelligent Mail Barcodes for each mail piece, as well as tray, and container labels, then generating data files with all the barcode information and the interrelationships. Mailers would then need to build systems to transmit and archive the data. Of greater concern to MMA is the ability of the USPS to have systems in place to receive the data from mailers and its own operations scans.

#### **7) Confirm**

The USPS proposes to measure the performance from when the scan occurs and when made available to customers. At the high level this seems reasonable, but MMA sees a problem as part of the service offered by the USPS includes transmission of scan data to the customer. It is not clear that the measurement includes the transmission responsibilities of the USPS. MMA asks for clarification. MMA recognizes that there may be a need to measure this process separately. This has a significant impact to mailers paying for the service. For example, in mid December 2007, the USPS had problems that delayed files from being transmitted for a period of four days.

MMA recommends monthly reports.

MMA companies are at the forefront of the industry in adopting Intelligent Mail technology and products. We support the USPS effort to develop a measurement

system that can build confidence in reliable, consistent delivery of First Class mail.  
Thank you for your consideration of these concerns.

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