

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

SERVICE PERFORMANCE MEASUREMENT)
SYSTEMS FOR MARKET DOMINANT PRODUCTS) Docket No. PI2008-1

**REPLY COMMENTS OF
NATIONAL POSTAL POLICY COUNCIL
(February 1, 2008)**

The National Postal Policy Council (“NPPC”) respectfully submits these reply comments pursuant to Order Nos. 48 and 49, *Service Performance Measurement Systems For Market Dominant Products*, issued by the Commission on December 4 and 11, 2007, and published in the Federal Register at 72 Fed. Reg. 72395 (December 20, 2007).

The parties’ initial comments reveal a striking degree of consensus on the major issues. In particular, there is general agreement that:

- The proposed measurements systems, taken as a whole, represent significant progress over existing systems. AMEE 1-2; PostCom-DMA 7; MPA 1-2; NPPC 1; PSA 2-3; Pitney Bowes 3-4; TW 4.
- The proposed measurement systems should be modified, however, to make clear that the start-the-clock event is when mail is available for induction, not when the Postal Service actually inducts it—*i.e.*, when mail entered at USPS facilities is available for unloading, and mail entered at a detached mail unit (“DMU”) is accepted by a Postal Service clerk or a Postal Service truck leaves

the facility. AMEE 1-2; MMA 1; MPA 2-3; NPPC 2-3; PostCom-DMA 15; Public Advocate 45; T-W 2.

- Critical entry times (“CETs”) should be defined or specified in service standards. Changes in CETs should be subject to the same review as changes in delivery standards. And CETs should be published in an easily accessible, user-friendly format. BAC 1-2; MMA 2; NPPC 3-4; PostCom-DMA 15-16; TW-3.
- Business rules for exclusion of data (because mailpieces are noncompliant, or for any other reason) should be developed with input from users. PostCom-DMA 16; Valpak 4-5. Quality metrics and measurements for start-the-clock and stop-the-clock processes should be developed. PostCom-DMA 16-18. Measurement systems and data should be subject to external audits. PostCom-DMA 19-20. And greater attention should be paid to the development of safeguards for data security. PostCom-DMA 20; BAC 1; TW 1-2.
- Performance reports should be disaggregated to a significantly finer extent than has been proposed: by district or 3-digit ZIP Code pairs; by individual product; and by shape. BAC 3-4; MPA 3-4; MOAA 2; MMA 2; NPPC 4 & 6; Pitney Bowes 5-7; PostCom-DMA 11-13; Public Advocate 43; Publishers Clearing House 1-2; Time Warner 3; Valpak 3-4.
- Reports should indicate the distribution of the variance from the standard (“tail of the mail”), and the tail should extend until 99 percent or more of mail is

delivered. BAC 4; MOAA 3; NPPC 5-6; PostCom-DMA 14; PSA 3; Public Advocate 43, 45-46; Valpak 11-15.

- Reports should be updated frequently; quarterly reports have limited value. NPPC 5; PostCom-DMA 10; MMA 2-3.
- Reporting systems should have open architecture that “permits mailers close to real-time access to their own mailing data as well as aggregate data.” BAC 3; Pitney Bowes 6; Publishers Clearing House 2; Time Warner 4.
- The level of disaggregation in the performance reports should be revisited after the Postal Service updates its prices for Confirm and other piece-based performance reporting services. PostCom-DMA 13-14.
- The Postal Service should adopt separate performance standards tailored to the needs of customers of certain specialized products: remittance and reply mail (BAC 2; NPPC 70); caller service (BAC 3; NPPC 7-8; PostCom-DMA 9; PCH 2; Confirm and Delivery/Signature Confirmation (MMA 3; PostCom-DMA 8-9; Public Advocate 9, 52); Address change service (BAC 3; Public Advocate 10, 55-56); and forwarded mail (Public Advocate 8-12).

A few issues raised in the comments warrant a response, however. First, there does not appear to be a consensus over the adoption rate of Intelligent Mail assumed in formulating the appropriate mix of internal (IMB-based) and external data collection processes. Some parties believe that the assumed deployment rate of Intelligent Mail is reasonable, or even conservative. AMEE 2; APWU 2; MMA 3; Public Advocate 44-45; Time Warner 4. Other parties, including NPPC, are more skeptical, and believe that the

anticipated deployment and adoption rates of technological initiatives as far-reaching as Intelligent Mail have tended to be overly optimistic, and the supposedly firm deployment deadlines have tended to slip.¹ With respect to the target requirement date of January 2009 recently announced by the Postal Service for mandatory use of IMBs, NPPC has been advised by some of its members that they would need six months of work after IMB software has been fully defined and written (which has not yet occurred) to be ready for IMB Basic, let alone IMB Full Service.

For the purpose of this docket, however, the Commission need not predict how rapidly the mailing community will adopt IMBs and other components of Intelligent Mail. The initial mix of internal and external measurement systems proposed by the Postal Service is based on the *existing* usage rate of Intelligent Mail. As more mailers adopt IMBs, the accuracy and reliability of the performance measurement systems and data undoubtedly should improve—and improve significantly. At least for letter-shaped mail, however, there is no reason to doubt that even the *existing* volume of IMB-generated performance data, combined with the proposed seed rate for externally monitored mail, should produce statistically adequate results.

Accordingly, it is sufficient that the Commission monitor the future adoption rate of Intelligent Mail to verify that it is consistent with assumptions. If this rate departs significantly from the projected deployment rate, the Commission, with the assistance of the Postal Service and other interested parties, can consider at that point whether to recalibrate the planned mix of internal and external performance data. NPPC 4;

¹ Alternatively, when adoption deadlines remain firm, mailers and vendors have simply been unable to meet them.

PostCom-DMA 18-19; Pitney Bowes 4; Public Advocate 33-34, 41. Nothing in the record suggests, however, that the development of an adequate performance measurement system requires the Commission or the Postal Service to take any extraordinary steps—including IMB mandates or fee increases—to boost the adoption rate of Intelligent Mail.

Second, the Public Representative has proposed supplementing the detailed measures of service at issue here with (1) an overall “Service Quality Index” for each of the major products, and (2) subjective measures of “customer satisfaction.” Public Representative 3-4, 12-31. The Public Representative’s proposals are intriguing and worthy of consideration. They are likely to require further development and testing, however, before the Commission, the Postal Service, and its customers can make informed decisions on whether to support their implementation. Accordingly, the Commission and the Postal Service should move to implement the detailed and objective measures of service performance proposed here, with the refinements proposed by NPPC and other parties, without waiting for further work on the novel performance measures proposed by the Public Representative.

CONCLUSION

NPPC respectfully requests that the Commission base its recommendations on the principles stated in these reply comments, and in the initial comments filed by NPPC on January 18, 2008.

Respectfully submitted,

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