

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

SEMI-PERMANENT EXCEPTIONS FROM
PERIODIC REPORTING OF SERVICE
PERFORMANCE MEASUREMENT

Docket No. RM2010-11

**UNITED STATES POSTAL SERVICE RESPONSE TO ORDER NO. 465 AND
REQUEST FOR SEMI-PERMANENT EXCEPTIONS FROM PERIODIC REPORTING
OF SERVICE PERFORMANCE MEASUREMENT**
(June 25, 2010)

Pursuant to the Commission's Order No. 465¹ and 39 C.F.R. § 3055.3, the United States Postal Service (Postal Service) hereby submits its initial request for semi-permanent exceptions from the periodic reporting of service performance measurement and customer satisfaction. Consistent with its earlier filings in Docket No. RM2009-11 and its establishment of service standards, the Postal Service requests semi-permanent exceptions for Standard Mail High Density, Saturation, and Carrier Route Parcels, Inbound International Surface Parcel Post (at UPU Rates), and hard-copy Address Correction Service due to the cost of implementing performance measurement systems for these products relative to their respective revenue and volume levels. The Postal Service also requests semi-permanent exceptions for various Special Services that, by their nature, do not admit of reasonable performance measurement. The Postal Service bases its request for a semi-permanent exception for Within County Periodicals on both cost and non-measurability. Finally, the Postal Service identifies negotiated service agreements that qualify for semi-permanent exceptions under the Commission's rules.

¹ PRC Order No. 465, Order Establishing Final Rules Concerning Periodic Reporting of Service Performance Measurements and Customer Satisfaction, Docket No. RM2009-11, May 25, 2010, at 22, 61.

I. Procedural History

In its initial comments in Docket No. RM2009-11, the Postal Service apprised the Commission of the products and product components for which the Postal Service would not be able to report statistics as contemplated by the then-proposed rules.²

These products and product components consisted of the following:

- First-Class Mail Flats at the district level;
- Standard Mail at the product level;
- Within County Periodicals; and
- Inbound International Surface Parcel Post (at UPU Rates).

The Postal Service also informed the Commission that, while the Postal Service should be able to report performance statistics for some Special Services with or without temporary delay, numerous Special Services defied practical measurement and should be excluded categorically from the reporting requirements.³ The Postal Service noted that it had already explained publicly and in detail why the latter group of Special Services was conceptually incompatible with meaningful service standards or performance measurement.⁴ As listed in the Postal Service's comments and *Federal Register* notices, those Special Services include the following:

² United States Postal Service Comments in Response to Order No. 292 (hereinafter "USPS Initial Comments"), Docket No. RM2009-11, November 2, 2009, at 29-37. In addition to the services listed below, the Postal Service indicated that reporting on Standard Mail at the class and product category levels and on Outside-County Periodicals was temporarily infeasible and could be reassessed upon the accomplishment of some further implementation steps. *Id.* at 32-37. The Postal Service intends to file a request for temporary waivers for these and other products as provided in Order No. 465. The Postal Service also suggested that it would not be possible to provide data for Bound Printed Matter Flats and Library and Media Mail, to the extent that mailers did not use Delivery Confirmation in conjunction with those products. *Id.* at 29. Further study indicates that this inability to report might no longer be applicable; the Postal Service expects to discuss further the status of reporting on these Package Services products in its forthcoming temporary waiver request.

³ *Id.* at 30.

⁴ *Id.* (referencing Modern Service Standards for Market-Dominant Products, 72 Fed. Reg. 58,946, 58,961-65 (proposed Oct. 17, 2007); Modern Service Standards for Market-Dominant Products, 72 Fed. Reg.

- Address Correction Service;
- Alternative postage payment services (Business Reply Mail, Bulk Parcel Return Service, Merchandise Return Service, and Shipper-Paid Forwarding);
- Caller Service;
- Change of Address Credit Card Authentication;
- Certificate of Mailing;
- Money Orders;
- Parcel Airlift;
- Restricted Delivery;
- Special Handling;
- Stamped Envelopes, Cards, and Stationery; and
- Various International Ancillary Special Services: Customs Clearance and Delivery Fee, International Insurance (in conjunction with Inbound Surface Parcel Post), International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery, International Reply Coupon, and International Business Reply Mail.

The Commission acknowledged this aspect of the Postal Service's comments in Order No. 465.⁵ Instead of addressing its substance in some manner, such as by incorporation of exclusions in the rules at hand, the Commission established a formal process for the Postal Service to apply for "semi-permanent exceptions from reporting" in "instances that . . . should be readily identifiable and justifiable."⁶ Specifically, the Postal Service must demonstrate that one of the following applies:

72,216, 72,217-19 (Dec. 19, 2007)). In its proposed rule, the Postal Service initially identified hard-copy Return Receipts as another Special Service that could not practically be measured, but subsequent consultation with the Commission has resulted in the service performance measurement criteria in 39 C.F.R. § 3055.65(b)(1)-(5) and a special study being conducted in this Fiscal Year. See Order No. 465 at 45-46.

⁵ Order No. 465 at 18-21.

⁶ *Id.* at 22.

- The cost of implementing a measurement system would be prohibitive in relation to the revenue generated by the product or product component;
- The product or product component defies meaningful measurement; or
- The product or product component is a negotiated service agreement with substantially all agreement components included in the measurement of other products.⁷

Although the Postal Service has already proffered descriptive information as to why each pertinent product or component warrants an exception, the Postal Service hereby provides such information again, with elaboration, in furtherance of the Commission's procedural preference.

II. Mail Products

A. Standard Mail High Density, Saturation, and Carrier Route Parcels

In its initial comments in Docket No. RM2009-11, the Postal Service described the general difficulties of providing product-level information for Standard Mail performance:

Current specifications for several forms of electronic documentation meeting the requirements for Full-Service Intelligent Mail® do not require detailed mailpiece level data. Specifically, smaller mailings using Postal Wizard documentation methods, Mail.XML and the IMR option within Mail.dat, will not provide the detailed piece-level information required to distinguish which piece qualified for each rate level. Without the information available for every piece, reporting at the detailed product level will not be feasible. Current requirements for Full-Service Intelligent Mail® participation do not support the level of data required to meet the product level reporting requirements outlined in Order 292. While one might consider excluding mail for which the necessary information is not available, such a decision would likely introduce significant bias into the measurement results, since smaller mailers using the Postal Wizard

⁷ 39 C.F.R. § 3055.3(a)(1)-(3). As explained in Order No. 465, a product "component" means either a standalone service grouped under an umbrella product for administrative purposes (such as Stamped Cards within the Ancillary Services product) or a feature or service provided as part of a recognized product (such as forwarding or return services within the Single-Piece First-Class Letters/Postcards product). Order No. 465 at 34.

documentation methods would be systematically excluded from measurement. As a consequence, it is not anticipated that the Postal Service will be capable of meeting the requirements for reporting Standard Mail performance, as specified in the proposed rules, for either annual or quarterly reports.⁸

In particular, the Postal Service advised that “it may be possible to determine that the piece in question is from a particular Standard Mail mailing with an identified start-the-clock time, but, if that mailing included both 5-digit flats and Carrier Route flats, it might not be possible to determine whether that specific piece was entered within the Standard Mail Flats product or the Standard Mail Carrier Route product.”⁹ These averments are no less true after Order No. 465 than before it, and the Postal Service plans to discuss the challenges for Standard Mail Flats and other products in its forthcoming temporary waiver request.

Further study has revealed that these challenges are particularly intractable with respect to High Density, Saturation, and Carrier Route Parcels. Rather than grouping these categories with the corresponding Flats categories as envisioned by the Commission’s reporting structure, the Postal Service’s data systems do not distinguish these Parcel items from other Standard Mail measurement categories. As an additional complication, there currently is not a reliable start-the-clock method for Standard Mail Parcels. The volume for these product components is very small: by way of comparison, High Density, Saturation, and Carrier Route Parcels combined amount to only about 1/1000 the volume of Regular and Nonprofit Parcels/Non-Flat Machinables, which in turn represents only about 0.8 percent of all Standard Mail volume.¹⁰

⁸ USPS Initial Comments at 33 (footnotes omitted).

⁹ *Id.* at 33 fn.19.

¹⁰ PRC Library Reference PRC-ACR2009-LR1, FY2009 Postal Service’s Product Finances, Docket No. ACR2009, March 29, 2010, at “09 Summary_LR1.xls,” worksheet tab 31 (“Standard”), cells B28, B36,

To establish data collection methods that distinguish these small and shrinking segments of the mail from others in which they might currently be intermingled would impose an unbearably high cost on both the Postal Service and its customers. The Postal Service further notes that the Commission found the High Density, Saturation, and Carrier Route Parcels categories each to make negative contribution to institutional costs in FY2009, making the regulatory imposition of additional implementation costs especially unwarranted at this juncture.¹¹ Carrier Route Parcel customers in particular represent a very small customer base, which is expected to adopt the Intelligent Mail Barcode in the near future; because of the resulting ease of direct communication about service levels between the Postal Service and the interested parties, the Postal Service respectfully submits that any marginal increase in arguable and nominal public-transparency gains is insufficient to outweigh the additional cost. Therefore, the Postal Service requests a semi-permanent exception to reporting on the service performance of Standard Mail High Density, Saturation, and Carrier Route Parcels.

B. Inbound International Surface Parcel Post (at UPU Rates)

The Commission's rules require quarterly reporting of on-time service performance and service variance, at the Area and National levels, for Inbound International Surface Parcel Post (at UPU Rates), as well as annual reporting of on-time service performance.¹² In its initial comments in Docket No. RM2009-11, the Postal Service explained that no performance measurement data system exists for Inbound International Surface Parcel Post (at UPU Rates) and that it would be unduly costly to

B42, B48, B82, B92. There is currently insufficient information available to assess the feasibility and cost of a barcode-based alternative approach.

¹¹ *Id.* at cells J28, J36, J42, J48. While this proposition assumes that the implementation costs would be attributed to the respective products, the principle retains force even if this is not the case.

¹² 39 C.F.R. §§ 3055.23, 3055.60(c).

implement one.¹³ The Postal Service has explored an external measurement system that would use test parcels mailed from other countries and use a radio-frequency identification (RFID) to establish a start-the-clock event for domestic processing. The Postal Service estimates that the cost to develop such a system would be approximately \$3 million, an outlay of almost a quarter of this product's gross revenue (\$12.88 million in FY2009).¹⁴ This additional expenditure would be particularly taxing in light of the Commission's determination that this product's attributable costs outstripped its revenue in the last fiscal year.¹⁵ If the estimated reporting expenditure had accrued in FY2009 and been attributed to the product, it would have deepened the deficit for this product by more than an additional 125 percent.

The Postal Service accordingly requests that Inbound International Surface Parcel Post (at UPU Rates) receive a semi-permanent exception from periodic reporting. To the extent that data indicative of this product's service performance might be helpful, the Postal Service reiterates its proposal that

performance data for domestic Parcel Post may be treated as a proxy. The only significant difference between the two products' performance is the presence of inbound acceptance and customs clearance stages for Inbound International Surface Parcel Post (at UPU Rates): the former is unlikely to have significant effect on service performance, and the latter is outside of the Postal Service's responsibility or ability to control.¹⁶

C. Within County Periodicals

Under 39 C.F.R. § 3055.55, the Commission's rules foresee separate reporting of Within County and Outside County Periodicals. In a subsequent filing in accordance with Order No. 465, the Postal Service will request a temporary waiver from reporting

¹³ USPS Initial Comments at 31 fn.17.

¹⁴ FY2009 Annual Compliance Determination at 30.

¹⁵ *Id.*

¹⁶ USPS Initial Comments at 31 fn.17.

the two products separately, as well as for Outside County Periodicals individually. Even after the expiration of the period during which the Postal Service will seek a waiver, however, the Postal Service does not expect to be able to report data for Within County Periodicals. Hence, the Postal Service respectfully requests a semi-permanent exception for that product.

The Postal Service explained the product-level reporting situation for Periodicals in its initial comments in Docket No. RM2009-11:

When the hybrid measurement approach is used for Periodicals, the feasibility of reporting on Within County and Outside County could be revisited. Two things are necessary. First, the electronic documentation for Full Service pieces would have to contain the information indicating whether each piece was Within County or Outside County. Current requirements for some forms of electronic documentation do not require detailed mailpiece level data. Specifically smaller mailers using Postal Wizard documentation and mailers using Mail.XML and the IMR option of Mail.dat will not be providing the detailed piece-level information required to determine in which rate category the individual piece belongs. Without the information available for every piece, reporting at the detailed product level will not be feasible. In addition, the second requirement for this level of reporting is that there be sufficient data for both Within County and Outside County. This would need to be assessed to evaluate the sufficiency of data to report at the postal area and national levels.¹⁷

The Postal Service's comments also discussed the opportunity offered by the transition from the Red Tag and Del-Trak systems to the Full-Service Intelligent Mail® barcode and a hybrid measurement approach,¹⁸ which will be discussed further in the Postal Service's forthcoming temporary waiver request.

Within County Periodicals mailers' relatively small size and scope make them far less likely than Outside County Periodicals mailers to be capable of making the transition to barcoding or mail-preparation systems that enable product-level

¹⁷ *Id.* at 36.

¹⁸ *Id.* at 34-36.

performance measurement.¹⁹ Most of this mail receives manual processing, rather than running on automation. In 2009, the Postal Service contracted with an external supplier to develop a baseline performance measurement for community newspapers, a significant segment of Within County Periodicals users; although the study suggests that these Within County Periodicals' performance resembles that of Periodicals as a whole, even this study was unable to determine a feasible way to measure Within County Periodicals performance on a continuous basis.²⁰ It should be noted that Within County Periodicals accounted for only 10.8 percent of total Periodicals volume in FY2009.²¹

Because of these difficulties in finding a meaningful way to measure Within County Periodicals, the Postal Service submits that this product should qualify for a semi-permanent exception under either 39 C.F.R. § 3055.3(a)(1) or (2). Even if it were possible to devise a system for collecting and reporting performance data for Within County Periodicals, so as to render Paragraph 3055.3(a)(2) inapplicable, the cost of doing so would have a disproportionate impact on this product's finances. As the Commission discussed at length in its FY2009 Annual Compliance Determination, Within County Periodicals currently do not cover their costs,²² and the institution of an as-yet-inconceivable performance measurement system would only expand the shortfall, if it were counted among the product's attributable costs. Apart from the

¹⁹ This disparity even applies to the legacy systems away from which the Postal Service is transitioning Periodicals mailers. See *id.* at 35 (“[T]here would be insufficient data to report on Within County Periodicals, because most of the publications participating in Red Tag and Del-Trak are too large to qualify for Within County rates.”).

²⁰ The Postal Service advised the Commission of this study in its initial comments in Docket No. RM2009-11 and elsewhere. See USPS Initial Comments at 35. The Postal Service plans to file the study results soon, accompanied by an application for non-public treatment.

²¹ FY2009 Annual Compliance Determination at 29, 74, 129.

²² *Id.* at 28, 29, 73-75, 128.

impact on Postal Service costs, such a system would force Within County Periodicals mailers to make dramatic changes to their own mail preparation processes, in ways that would impose a heavy expense burden on the typically small businesses that the preferential rates are intended to benefit. Based on its research, the Postal Service suggests that Periodicals' performance as a class may be considered an appropriate proxy for that of Within County Periodicals, in the absence of separate, product-level reporting.

III. Special Services

Sections 3055.24 and 3055.65(a) of Title 39, C.F.R., provide that the Postal Service must report "the percentage of time . . . that each [Special Services] product meets or exceeds its service standard." As the Postal Service has discussed in its rulemaking to establish modern service standards for market-dominant products, however, it is not possible to establish service standards for many Special Services, as a result of which service standards do not exist against which to measure performance. Although the Commission did not discuss Special Services in Order No. 465 other than hard-copy Return Receipts, 39 C.F.R. § 3055.65(b) and (c) appear to offer some aid toward resolving this conundrum. Those subsections single out for "additional reporting" specifications the self-same Special Services that the Postal Service has previously identified as capable of performance measurement: Certified Mail, electronic and hard-copy Return Receipts, Delivery Confirmation, Insurance, and Post Office Box Service. In an apparent attempt at practicality, 39 C.F.R. § 3055.65(b) also allows the Postal Service to report the remaining Ancillary Services products in the aggregate, rather than individually.

The Postal Service appreciates the effort to balance the statutory demand for service performance measurement against the Postal Service's ability to supply such information, but the Postal Service respectfully submits that this partial solution is insufficient. The fact of the matter is that it is difficult or impossible to conceive of a meaningful "service standard" for many of the remaining Special Services, much less collect and report performance against such a standard. The sheer fact that standards do not exist for these services should nullify the idea of measuring performance, and this fact alone should suffice as justification for a semi-permanent exception under 39 C.F.R. § 3055.3(a)(2). Even if this formal contradiction alone were not enough, however, the underlying reasons for the lack of standards serve to explain the services' fundamental inability to be measured, as described in the following sections. Although it might theoretically be possible to conceive of a performance measurement system for one Special Service product component, hard-copy Address Correction Service, such a system would involve undue expense in light of the relatively small (and, by all indications, diminishing) revenue for the product component.

If product-level standards and data collection are infeasible, so would be aggregate reporting that includes these products or product components as constituents. This is not a situation where the products can be reported but have such low volumes that service performance information can only be collected within a single, aggregate data system; as discussed below, the products' natures themselves defy the very concept of service performance measurement.²³ Moreover, as the Commission

²³ It should be noted that Certified Mail, Return Receipt, and Post Office Boxes alone account for the overwhelming majority of all Special Services revenue, and the relevant Special Services discussed below amount to only a subset of the remaining margin. See PRC Order No. 140, Order Concerning Proposals for Internal Service Standards Measurements, Docket No. PI2008-1, November 25, 2008, at

has observed, the “diversity [in Special Services products’ attributes] contributes to the challenges of designing meaningful performance measurement systems for each service. Some services such as Certificate of Mailing or Stamped Cards essentially are transactions that may not merit much performance measurement attention.”²⁴ Hence, the Postal Service respectfully requests a semi-permanent exception from reporting for the Special Services products listed below.

A. Address Correction Service (hard-copy)

Address Correction Service (ACS) involves the transmission of corrected address information to a subscribing sender, when recipients to whom it has sent a specific mailpiece provide a forwarding address to the Postal Service. ACS subscribers receive information through either automated/electronic or hard-copy notification, depending on the type of service requested.²⁵ Unlike delivery scan data that mailers request at acceptance and expect to receive with every delivery, ACS subscribers only expect data for those mailpieces that require the Postal Service to use its mail forwarding address database to deliver the mailpiece and then transmit the new delivery address to the sender. Manual ACS information is batched, and the frequency with which it is transmitted to ACS subscribers varies depending on the methods employed, as well as on specific arrangements between the Postal Service and particular subscribers. Accordingly, unlike delivery scan data, there is no one standard time by which all ACS subscribers expect the requested data to be available. Additionally, there

33 (singling out Certified Mail, Post Office Boxes, and Return Receipts for “special emphasis” in service performance measurement because they “account[ed] for nearly 70 percent of overall Special Services revenue” as of the date of that Order).

²⁴ *Id.* at 32-33.

²⁵ Automated ACS is based on use of the Intelligent Mail Barcode, and electronic ACS is based on textual information that the mailer includes on the mailpiece exterior.

is no one availability standard that applies to all ACS subscribers served by the same Post Office. Thus, while the Postal Service is prepared to report on automated ACS, the Postal Service has been unable to establish a service standard in 39 C.F.R. Part 122 for hard-copy ACS.²⁶

In theory, one might conceive of a way to track the number and/or timeliness of hard-copy ACS notifications returned from a delivery office to the subscriber. This would require the development of some data identifier to enable tracking, a start-the-clock event at the delivery office (the hard-copy ACS processing functions of which do not distinguish by subscriber), personnel training, and data system modifications to capture the information. The Postal Service estimates that it would require at least two years to implement the necessary systems and processes. Despite its research efforts thus far, the Postal Service has been unable to develop an adequate cost estimate for implementation of a new scanning system and modification of the Postal Automated Redirection System (PARS). Given the extent of the work and training that would be required, however, the Postal Service believes that the resulting implementation cost would be unwarranted for a product component that garnered only \$22.051 million in revenue in FY2009: less than one-third of the overall ACS revenue reported for FY2009.²⁷ This contrast is particularly stark when one considers that the Postal Service is actively encouraging hard-copy subscribers to switch to electronic and/or automated ACS, which have dramatically lower unit costs than hard-copy ACS and for which the

²⁶ United States Postal Service, "Modern Service Standards for Market-Dominant Products," 72 Fed. Reg. 58,946, 58,964 (Oct. 17, 2007).

²⁷ PRC Library Reference PRC-ACR2009-LR1, FY2009 Postal Service's Product Finances, Docket No. ACR2009, March 29, 2010, at "09 Special Services.xls," worksheet tab 16 ("Address Correction"), cells E8, E13, E16, E20, E26, E29, E33, E36. In fact, the proportion for hard-copy ACS might be even smaller, since the annual compliance data did not include Full Service ACS and since "data for the quarter is not available" for automated ACS. *Id.* at cells B44, B45.

Postal Service is fully prepared to report on service performance. The Postal Service therefore expects volume and revenue to decrease for hard-copy ACS, which only heightens the projected level of disproportionate implementation cost. For these reasons, the ACS hard-copy product component defies cost-effective measurement under 39 C.F.R. § 3055.3(a)(1).

B. Alternative Postage Payment Services

Business Reply Mail, Merchandise Return, and Bulk Parcel Return are alternate postage payment methods for bulk mail recipients. Recipient-customers establish and fund a postal account to pay postage for pieces that are mailed without postage fixed. Return pieces may be First-Class Mail or Package Services, as allowed for those services, and their service performance in terms of transit time is already included in the measurement and reporting of those host products. International Business Reply Mail works in the same manner as Business Reply Mail, except that return pieces are processed and transported from the inbound International Service Center (ISC) to the delivery address in the same manner as the analogous class of inbound international mail. Shipper Paid Forwarding is an alternate postage payment method for bulk mailers who establish accounts to cover postage, when parcels directed to addressees specified by the shipper need to be forwarded to different addresses designated by the recipients. Customers pay fees in addition to postage for these various accounting-related services.

Mail subject to these alternate postage payment methods has the same delivery service standards for the applicable mail product (e.g., First-Class Mail, Single-Piece Parcel Post, Inbound Single-Piece First-Class Mail International) as would any other

mailpiece from the same point of entry, forwarding, or return to destination. Moreover, the same Special Service can apply to mailpieces that travel in any of various mail product streams. Accordingly, the Postal Service was unable to find a justification for establishing independent service standards for the reply, returned, or forwarded portions of the respective mailstreams through which such pieces flow.²⁸ The Postal Service therefore submits that these Special Services products defy meaningful measurement and merit an exception from service performance reporting.

C. Caller Service

Caller Service provides a means for (usually high volume) mail recipients to receive their mail at a postal retail window or loading dock. From origin to delivery availability, the mail picked up by the customer is subject to the standards for each class. Daily Caller Service pickup times are arranged between the delivery office and the mail recipient. These pickup times may be pre-arranged or may be on an “on-call” basis. They often vary from posted Post Office Box section “uptimes” and many Caller Service customers arrange for multiple pickups on a given day. Thus, in contrast to Post Office Box service, there is no one posted daily “uptime” standard by which all Caller Service, either system wide or at a particular Post Office, is offered. Accordingly, Caller Service is “not susceptible to any meaningful measurement because of the nature of the service itself.”²⁹ Moreover, the customer-specific service relationships in themselves provide effective accountability to the relevant public, and so it is unclear

²⁸ *Id.* (Business Reply Mail, Merchandise Return, and Bulk Parcel Return Service); United States Postal Service, “Modern Service Standards for Market-Dominant Products,” 72 Fed. Reg. 72,216, 72,218 (Dec. 19, 2007) (International Business Reply Mail).

²⁹ Order No. 140 at 33 fn.23; see 72 Fed. Reg. at 58,964.

how much further public benefit would accrue from inclusion of Caller Service measurement in an aggregate reporting score, if such measurement were possible.

D. Change of Address Credit Card Authentication

Change of Address Authentication service provides a customer with a means of having the Postal Service verify their identity using the credit card industry's standard Address Verification Service (AVS), by reference to a credit card number the customer provides when he or she submits a Change of Address request via telephone or the Internet. The customer pays a fee for the credit card authentication associated with the telephone or Internet Change of Address request, not for the subsequent processing of that request. The authentication service is provided and completed at the time that the credit card is validated and the fee is debited. The Postal Service does not consider it feasible to establish an objective standard for the timely completion of the authentication, which takes place during a telephone or Internet transaction.³⁰ For the same reason, Change of Address Credit Card Authentication does not admit of meaningful measurement or reporting.

E. Certificate of Mailing and International Certificate of Mailing

The Postal Service provides a Certificate of Mailing to the sender as an intrinsic element of the acceptance of the mailpiece for which it was purchased. The purchase of the certificate is ancillary to sending a First-Class Mail letter or Single-Piece Parcel Post package, for example, and does not affect the delivery service standards otherwise applicable to those pieces. Provision of the certificate at the time of mailing is a part of

³⁰ 72 Fed. Reg. at 58,964. It should be noted that for these conceptual purposes, Change of Address Credit Card Authentication is a separate product from the Postal Service's fulfillment of the overarching Change of Address request. The discussion in this section does not pertain to the measurability of Change of Address requests themselves, but rather only to the Credit Card Authentication transaction contained within a Change of Address process.

the acceptance of the mailpiece for which the certificate is purchased and completes the special service. The same reasoning applies to an International Certificate of Mailing purchased in connection with outbound international mail. Accordingly, the Postal Service has seen no means or need for a standard measuring the timely completion of these special services³¹ and respectfully requests that they be exempt from periodic reporting.

F. Money Orders

Money Orders are financial instruments that can be used, independently of whether they are mailed, to transfer monetary funds between parties. As with Stamped Cards and Stationery, and entirely at the option of the purchaser, postal Money Orders may be enclosed in, for example, First-Class Mail pieces. Such enclosures do not affect the application of the First-Class Mail service standards for such mail. Once a postal Money Order is purchased, the Postal Service does not necessarily have anything further to do. For these reasons, the Postal Service concluded that there is no mandate in section 3691 to establish service standards for postal Money Orders,³² and it is difficult to conceive of some practicable means of defining or measuring service performance for postal Money Orders in their own right (that is, to the extent they are not physically included in First-Class Mail items and measured as part of that product). It should be noted that the Postal Service has established standards for the processing of Money Order Inquiries, however,³³ and will be able to include measurement of that performance in its Special Services reporting.

G. Parcel Airlift and Special Handling

³¹ *Id.* (Certificate of Mailing); 72 Fed. Reg. at 72,217 (International Certificate of Mailing).

³² 72 Fed. Reg. at 58,964.

³³ See 72 Fed. Reg. at 72,218.

Parcel Airlift Service provides for air transportation of Standard Mail parcels on a space available basis to or from U.S. military Post Offices outside the contiguous 48 states. Special Handling provides preferential handling to the extent practicable in dispatch and transportation of First-Class Mail and Package Services. A critical element of Parcel Airlift Service and Special Handling is that each product is purchased subject to the explicit understanding that the requested preferential handling or transportation upgrade is subject to availability. At the time when these services are purchased, it cannot be known whether the processing or transportation upgrade can be accommodated. Accordingly, the Postal Service found service standards for these conditional service offerings to be unwarranted,³⁴ as would service performance measurement.

H. Restricted Delivery and International Restricted Delivery

Restricted Delivery and International Restricted Delivery permit the sender to direct that a mailpiece be delivered to a particular person at the delivery address (or that person's designated agent for the receipt of mail). It is fundamentally difficult to develop a concept of "service performance" that could be measured for these services. The purchase of the service essentially bears on a binary choice at delivery: whether a piece must be delivered only to the named addressee or may be delivered to someone else. Assuming that the accurate incidence of this choice could serve as a viable standard for measurement, the Postal Service is hard-pressed to imagine a feasible way of recording and tracking the identity of each person to whom delivery personnel actually relinquish a

³⁴ 72 Fed. Reg. at 58,964.

mailpiece.³⁵ The international version of this service raises the additional complication that either the acceptance of the request (for inbound mail) or the fulfillment of the delivery (for outbound mail) is outside the Postal Service's control, which means that any hypothetical measurement system would not indicate whether any failure is actually reflective of the Postal Service's performance. For all of these reasons, the Postal Service respectfully submits that Restricted Delivery and International Restricted Delivery meet the requirements for a semi-permanent exception under 39 C.F.R. § 3055.3(a)(2).

I. Stamped Envelopes, Cards, and Stationery

Stamped Envelopes, Cards, and Stationery are articles that can serve as philatelic items or be used as postage-paid mailpieces. When used, for example, as First-Class Mail pieces or enclosures, Stamped Envelopes, Cards, and Stationery are subject to the service standards that apply to other First-Class Mail pieces. In terms of their nature as Special Services, however, "Stamped [Envelopes, Cards, and Stationery] are transactions that may not merit much performance measurement attention."³⁶ Accordingly, the Postal Service declined to develop independent service standards³⁷ and submits that these Special Services are incompatible with meaningful service performance measurement.

J. Customs Clearance and Delivery Fee

³⁵ See also *id.*; 72 Fed. Reg. at 72,217-18 (explaining that service standards could not be devised for Restricted Delivery and International Restricted Delivery because fulfillment of a delivery restriction can vary according to the recipient's identity and availability in a foreign destination country).

³⁶ Order No. 140 at 33.

³⁷ 72 Fed. Reg. at 58,964-65.

This service consists of the Postal Service collecting a fee from the recipient on each inbound package on which a customs duty or Internal Revenue Service tax is assessed. The Postal Service fee is accounted for by affixing postage-due stamps to the packages or to a postage-due bill and then canceling the stamps. From the International Service Center (ISC) or exchange office to the delivery unit, such mail receives the same processing and transportation as other inbound international mail. The fee or tax collection transaction at delivery is similar to the transactions at delivery that result in Collect on Delivery payment. Once the duty or tax is collected, no further service is required of the Postal Service. The Postal Service thus does not see how one could reasonably measure the speed with which the fee or tax is collected.³⁸ Nor is this a case where one could measure the availability of data to a purchaser of the service: with Customs Clearance and Delivery Fee, the Postal Service performs collections at the direction of Customs and Border Protection and the Internal Revenue Service, and it remits the money directly to the responsible agencies. Aside from the collection transaction, there is no customer interaction the performance of which the public would have an interest in measuring.

K. International Insurance with Inbound International Surface Parcel Post

International Insurance is available for Inbound Surface Parcels tendered by foreign postal operators at rates set by the Universal Postal Union. Purchase of this ancillary service for such parcels does not affect their transit in the U.S. mailstream.³⁹

³⁸ 72 Fed. Reg. at 72,219.

³⁹ Although the Postal Service does not consider the measurability of the underlying Inbound International Surface Parcel Post (at UPU Rates) service to affect the reasoning set forth in this section, it may be noted that the Postal Service is requesting a semi-permanent exception for that service as discussed in section II.C above.

Under current Universal Postal Union procedures, an inquiry must be filed prior to any claims processing. The Universal Postal Union establishes time limits for inquiry and claims processing, but compliance with these time limits depends upon the exchange of information between postal operators. The number of insured Inbound International Surface Parcels at UPU rates is relatively small, particularly considering the small size of Inbound International Surface Parcels at UPU Rates overall and the non-time-sensitive nature of the service.

To the extent that foreign senders might submit claims to foreign postal operators of origin, the Postal Service has no control over the claims processing and information exchange response times of those foreign postal operators, which vary. The Postal Service does process insurance claims for inbound, UPU-rated surface parcels by U.S. addressees who receive items with damaged or missing contents or by addressees for lost items where the sender has waived his or her right of recovery.⁴⁰ Inbound Parcel Post items' barcode identifiers do not distinguish by mode of transportation, however, and few addressees are likely to be aware of the transportation mode by which a parcel may have traveled. As a result, the Postal Service's insurance processing data systems are unable to segregate data in a way that would enable measurement of service performance specifically for inbound Parcel Post items traveling by surface, rather than by air. Therefore, under present circumstances, the Postal Service has not considered it feasible to establish an independent service standard for inbound international

⁴⁰ Universal Postal Convention, arts. 21.10, 24.2; Mailing Standards of the United States Postal Service, International Mail Manual 931.22.b, d.

insurance claims processing,⁴¹ and the Postal Service submits that performance measurement would likewise be impracticable.

L. Outbound International Registered Mail

International Registered Mail service provides added security for a mailpiece from acceptance to delivery, and indemnity in case of loss or damage in transit. This ancillary service, however, does not affect the in-transit service standard of a mailpiece for which it is purchased. The Postal Service has established a service standard for online availability of domestic and inbound international Registered Mail delivery scan data at www.usps.com.⁴² Unlike domestic and inbound international Registered Mail, however, the provision of delivery scan information for outbound international Registered Mail depends on the foreign postal operator responsible for delivery in the destination country, and not on the Postal Service's performance. On this basis, the Postal Service submits that it is infeasible to require or expect performance measurement for outbound International Registered Mail items comparable to that for domestic and inbound international Registered Mail items.

M. International Return Receipts

At 39 C.F.R. § 122.1(a)(1), the Postal Service has established a service standard for domestic electronic Return Receipt service. That standard is based upon the Postal Service's ability to scan mailpieces during the delivery process and upload delivery information to its website for access by the sender. However, there is no equivalent electronic International Return Receipt service offering. All International Return Receipts are in hard-copy form.

⁴¹ 72 Fed. Reg. at 72,218-19.

⁴² 39 C.F.R. § 122.1(a)(1).

When outbound or inbound international, hard-copy Return Receipts, which have been signed upon delivery, are in transit for any portion of their journey in the Postal Service mailstream, they travel through the U.S. postal network as First-Class Mail cards, subject to the same processing and delivery standards as other Single-Piece First-Class Mail International. Therefore, outbound international Return Receipts would have the same transit-time service standards as Outbound Single-Piece First-Class Mail International, and inbound international Return Receipts would have the same service standards as Inbound Single-Piece First-Class Mail International. To the extent that interested parties might desire an indication of International Return Receipt performance, First-Class Mail International Cards could be used as a proxy.

Based on more recent consultations with the Postal Service, the Commission established criteria for the measurement of hard-copy domestic Return Receipts via EXFC's test-piece system.⁴³ Such a model would not work for International Return Receipts, however. The destination foreign postal operator, not the Postal Service, is responsible for initiating the return of *inbound* International Return Receipts to U.S. senders. Even if a performance measurement system were possible, then, it would be impossible to determine the degree to which any failures were attributable to the foreign postal operator's performance. The initiation of *outbound* International Return Receipts – that is, the completion of the card at delivery and its sending back to the original customer – is within the Postal Service's purview as the postal operator of delivery. However, there is no available method to identify pieces that have a Return Receipt request affixed to them in order to establish a start-the-clock event, nor does the Postal Service provide scanning for these items in a way that could track their disposition. An

⁴³ 39 C.F.R. § 3055.65(b)(1)-(5).

end-to-end test-piece system would suffer from the same attribution problems as for inbound International Return Receipts. A test-piece system specific to Postal Service performance would not be feasible, either, since test pieces would have to be inserted within sealed sacks received from the foreign postal operator of origin and added somehow to those sacks' dispatch bills. Because of the difficulty in designing a meaningful system, the Postal Service submits that there is no basis for establishing a service performance measurement mechanism for inbound or outbound International Return Receipts, which thus should qualify for a semi-permanent exception under 39 C.F.R. § 3055.3(a)(2).

N. International Reply Coupons

International Reply Coupon service (outbound and inbound) allows the sender to prepay a reply by purchasing reply coupons that are exchangeable for postage stamps by postal administrations in member countries of the Universal Postal Union. One coupon is exchangeable for a stamp or stamps representing the member country's minimum postage of an unregistered letter. Because the transaction is complete at the time of purchase of the coupon for outbound and at the time of redemption of the coupon for inbound,⁴⁴ and no additional service is required, then it is difficult to conceive of a meaningful system to define, much less measure, service performance for this product. If mail for which the postage has been paid by means of an International Reply Coupon is processed by the Postal Service as an inbound or outbound market-dominant product, the postage payment method does not affect the service standard

⁴⁴ In other words, like Certificates of Mailing or Stamped Envelopes, Cards, and Stationery, International Reply Coupons "essentially are transactions that may not merit much performance measurement attention." Order No. 140 at 32-33.

otherwise applicable to the transit of that mail, nor does it affect the Postal Service's service performance with respect to that mailpiece.⁴⁵

IV. Requests for Exceptions for NSAs

Paragraph 3055.3(a)(3) permits a semi-permanent exception for negotiated service agreements (NSAs) "with substantially all components of the agreement included in the measurement of other products." The Postal Service currently has three active market-dominant NSAs with The Bradford Group, Life Line Screening, and Canada Post Corporation.⁴⁶ All mail tendered under each NSA is already included in the measurement of other products: Standard Mail Letters for The Bradford Group, Standard Mail Letters and Flats for Life Line Screening, and Inbound Single-Piece First-Class Mail International for the Canada Post—United States Postal Service Contractual Bilateral Agreement for Market Dominant Services. Because each of these products is "merely a grouping of other products already being measured,"⁴⁷ the Postal Service respectfully requests that they be excepted from separate reporting under 39 C.F.R. § 3055.3(a)(3).

V. Conclusion

For the reasons discussed above, the Postal Service respectfully requests semi-permanent exceptions from periodic reporting for Standard Mail High Density, Saturation, and Carrier Route Parcels, Inbound International Surface Parcel Post (at UPU Rates), and hard-copy Address Correction Service due to the cost of implementing

⁴⁵ See 72 Fed. Reg. at 72,218.

⁴⁶ As noted in Order No. 465, the HSBC North America Holdings Inc. NSA expired as of November 1, 2008, and the Bookspan NSA expired as of June 1, 2009. Order No. 465, appx. at 4. The Bank of America Corporation NSA was terminated as of September 30, 2009. United States Postal Service Notice Concerning Termination Date of Negotiated Service Agreement, Docket No. MC2007-1, October 16, 2009.

⁴⁷ PRC Order No. 292, Notice of Proposed Rulemaking on Periodic Reporting of Service Performance Measurements and Customer Satisfaction, Docket No. RM2009-11, September 2, 2009, at 15.

performance measurement systems for these products. The Postal Service also requests semi-permanent exceptions for various Special Services that, by their nature, do not admit of reasonable performance measurement. The Postal Service requests a semi-permanent exception for Within County Periodicals under either theory or both. Finally, the Postal Service submits that the remaining market-dominant negotiated service agreements qualify for semi-permanent exceptions under the Commission's rules.

Respectfully submitted,

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