

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Semi-Permanent Exceptions from
Periodic Reporting of Service
Performance Measurement

Docket No. RM2010-11

PUBLIC REPRESENTATIVE'S COMMENTS
IN RESPONSE TO ORDER NO. 481

(July 16, 2010)

The Public Representative hereby provides comments pursuant to Commission Order No. 481.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, addressing the Postal Service's request for semi-permanent exceptions from the periodic reporting of service performance measurement for a number of postal products and services.²

The Postal Service's request is made pursuant to Commission Order No. 465, which established final rules governing the periodic reporting of service performance

¹ See Notice and Order Concerning Filing of Postal Service Request for Semi-Permanent Exceptions from Periodic Reporting of Service Performance Measurement, June 29, 2010 (herein "Order No. 481").

² See 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 (herein "USPS Request"); see also United States Postal Service Notice of Filing Supplemental Information, July 9, 2010 (herein "USPS Supplemental Information"), submitting a PowerPoint presentation summarizing a special study prepared for the Postal Service that "support[s] the conclusion that an adequate measurement system cannot be established for Within County Periodicals feasibly and without undue burden on relevant mailers." USPS Supplemental Information at 1.

measurement and customer satisfaction.³ Section 3055.3 of the final rules permits the Postal Service to petition the Commission to request “semi-permanent exceptions from reporting” the service performance of a product, or component of a product, provided the Postal Service demonstrates that:⁴

- 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.

In this proceeding, the Postal Service requests semi-permanent exceptions from periodic reporting of service performance for the following mail products: Standard Mail High Density, Saturation, and Carrier Route Parcels; Inbound International Surface Parcel Post (at UPU Rates); and, Within County Periodicals. The Postal Service requests semi-permanent exceptions for the following special service products, or components thereof: Address Correction Service (hard-copy); 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; and, Stamped Envelopes, Cards, and Stationery. Exceptions are also requested for various International Ancillary Special Services: Customs Clearance and Delivery Fee; International Insurance (in conjunction with

³ See Order Establishing Final Rules Concerning Periodic Reporting of Service Performance Measurements and Customer Satisfaction, May 25, 2010 (herein “Final Rule”).

⁴ 39 C.F.R. § 3055.3.

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 Public Representative's review of the Postal Service's request indicates that semi-permanent exceptions from the requirement of periodic reporting are warranted for a number of the products identified by the Postal Service. As discussed more fully below, these products (or components thereof) exhibit common features that defy meaningful measurement, or can otherwise be justified under other provisions of rule 3055.3. Such products include negotiated service agreements, products that are essentially transactions, and others whose design precludes meaningful measurement.

For some products (or components thereof), however, the Public Representative concludes that the Postal Service has failed to demonstrate that a semi-permanent exception from the periodic reporting requirements is justified pursuant to the provisions of rule 3055.3. In some instances, direct measurement of the service performance of a product is possible and should be undertaken, while in others a proxy can be identified to satisfy service performance measurement. As a result, the Public Representative urges the Commission to reject the Postal Service's request for a semi-permanent exception for these products (discussed more fully below), and to direct a more considered response on the part of the Postal Service to the requirement of service performance measurement for these products.⁵

⁵ The Public Representative makes no recommendation with respect to the periodic reporting of the service performance measurement of Within County Periodicals.

I. PRODUCTS AND SERVICES FOR WHICH PERIODIC REPORTING OF SERVICE PERFORMANCE MEASUREMENT SHOULD BE REQUIRED

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

In its Request, the Postal Service reiterates concerns about Standard Mail flats that are applicable to, and also preclude reporting, the service performance of the High Density and Saturation Flats/Parcels product, and the Carrier Route NFM/Parcels product. These include the use of Postal Wizard electronic documentation methods generally by smaller mailers in order to meet the requirements for full-service Intelligent Mail.⁶ With respect to Standard Mail parcels specifically, the Postal Service states that its “data reporting systems do not distinguish these Parcel items from other Standard Mail measurement categories.” USPS Request at 5. The Postal Service also states that “there currently is not a reliable start-the-clock method for Standard Mail Parcels.”⁷

Nevertheless, the Postal Service is not abandoning the ability to determine the service performance of Standard Mail parcels. The Postal Service maintains that the service performance of Standard Mail parcels “will be measured using the data for parcels with Delivery Confirmation.” USPS Initial Comments at 32. Moreover, the Postal Service expects to be able to discuss service performance with Carrier Route parcels mailers, “a very small customer base, which is expected to adopt the Intelligent Mail Barcode in the near future.” USPS Request at 6.

⁶ USPS Request at 4 and 5, *citing* United States Postal Service Comments in Response to Order No. 292 (herein “USPS Initial Comments”) at 33.

⁷ *Id.* To date, the Postal Service has not implemented the functionality in its Full-Service Intelligent Mail barcode service that would provide start-the-clock information for any Standard Mail product.

Contrary to the Postal Service's request in this proceeding, the Commission should reject a semi-permanent exception and require some type of service performance reporting for the High Density and Saturation Flats/Parcels product, and the Carrier Route NFM/Parcels product. In this regard, the Postal Service does not explain why data for parcels with Delivery Confirmation cannot be used to measure the service performance of Standard Mail parcels. In the absence of direct measurement, however, the Postal Service should rely on a proxy for measuring service performance. Ideally, the flats category comprising the High Density and Saturation Flats/Parcel product would form the basis of a proxy for the measurement of parcels, relying on IMb data (when more fully subscribed and functional) derived from documentation methods other than Postal Wizard. The resulting proxy could be supplemented by a discussion of the likely bias that might result. In the case of Carrier Route NFM/Parcels, it's not clear why data provided to the Postal Service from a small number of known mailers that adopt IMb, which the Postal Service will rely on to discuss "service levels" with such mailers, cannot be used as the basis for reporting the service performance of the Carrier Route NFM/Parcels product.

B. Inbound Surface Parcel Post (at UPU Rates)

Given the current absence of any performance measurement system, the Postal Service seeks a semi-permanent exception from reporting the service performance measurement of Inbound Surface Parcel Post (at UPU Rates) as it would be "unduly costly" relative to the revenues for this product to establish an external measurement system. *Id.*, at 7. Although seeking a semi-permanent exception, the Postal Service also reiterates its proposal for use of a proxy, "[t]o the extent data indicative of this

product's service performance might be helpful." *Id.* The proposed proxy is the service performance data for domestic Parcel Post. According to the Postal Service, the only "significant difference" between the service performance of the two products is the "presence of inbound acceptance and customs clearance" applicable to inbound surface parcels.⁸

The Public Representative not only believes use of the Postal Service's proposed proxy would be "helpful," it is also necessary to satisfy the requirements for periodic reporting of service performance under the Commission's rules. Accordingly, the Commission should reject the Postal Service's request for a semi-permanent exception and require the use of service performance data for domestic Parcel Post as a proxy for the Inbound Surface Parcel Post (at UPU Rates) product.

In order to improve the proposed proxy, the Postal Service should incorporate data from the UNEX system, which measures the service performance of inbound letter post, to account for the "significant difference" with respect to customs clearance. The UNEX measurement system relies upon radio-frequency identification (RFID) to establish a start-the-clock event, which is either the first transponder or RFID scan when an inbound letter post test piece is scanned at acceptance at a Postal Service International Service Center (ISC), or the out-of-Customs scan when the test piece has a scan upon entry into Customs.⁹ The data on inbound letter post would measure the time in Customs from the start-the-clock scan at entry into Customs and the out-of-Customs scan. This adjustment, itself a proxy, would improve the proposed proxy for

⁸ *Id.*, citing USPS Initial Comments at 31, fn. 17.

⁹ Docket No. ACR 2008, Response to CIR No. 2, Question 2(b).

the service performance measurement of Inbound Surface Parcel Post (at UPU Rates) by measuring the time with associated customs clearance.¹⁰ Moreover, reporting based upon the proposed domestic Parcel Post proxy, including the supplemental information concerning customs clearance, can likely be accomplished at low cost.

C. Alternative Postage Payment Services

The Postal Service maintains that mail subject to three alternative postage payment methods—Business Reply Mail, including International Business Reply Mail, Merchandise Return Service, and Bulk Parcel Return—have 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.”¹¹

The Postal Service’s statement that Business Reply Mail (BRM) would have “the same delivery service standards for the applicable mail product” is correct. However, Business Reply Mail will not have the same service performance.

BRM is not the same as First-Class Mail generally in an important respect. Unlike most First-Class Mail, where postage is paid prior to entry with the Postal Service, postage for BRM is paid only for pieces actually returned through the mail. Determining the amount of postage paid for all BRM pieces returned occurs during automated and manual processing operations referred to as “weighing and rating.” This

¹⁰ Of course, the measured times involving customs clearance would only approximate the actual times for inbound surface parcels, as such measured times are obtained from letter post test pieces.

¹¹ USPS Request at 14-15. The Postal Service articulated the identical justification for declining to propose service standards for Business Reply Mail, Merchandise Return Service, and Bulk Parcel Return. 72 Fed. Reg. 58964, October 17, 2007.

separate processing distinguishes BRM from all other First-Class Mail, and can be expected to affect the service performance of BRM pieces.

Consequently, the Commission should reject the Postal Service's request for a semi-permanent exception from the periodic reporting of service performance of Business Reply Mail. Moreover, the Commission should direct the Postal Service to develop a method for measuring service performance, given the ease of identifying BRM pieces, and the separate weighing and rating operations to which BRM pieces are subject.

D. International Insurance with Inbound Surface Parcel Post (at UPU Rates)

The Postal Service claims service performance measurement for International Insurance with Inbound Surface Parcel Post would be "impracticable" because of the small number of insured inbound surface parcels, and claims processing involves the exchange of information between the Postal Service and foreign postal operators. In this regard, the Postal Service states that the Universal Postal Union (UPU) has established time limits for inquiry and insurance claims processing, "but compliance with these time limits depends upon the exchange of information between postal operators." USPS Request at 20 and 21.

Given the existence of service standards in the form of UPU-established time limits for insurance claims inquiry and processing, the Postal Service should report service performance measurement consisting of the duration of processing for claims submitted by U.S. addressees "who receive damaged or missing contents," including the time when the Postal Service requests information from foreign postal operators to resolve a claim. The Postal Service should also report the duration of claims

processing effective with the receipt of a request for information from foreign postal operations in response to a claim submitted by a foreign sender. For these reasons, the Commission should reject a semi-permanent exception for International Insurance with Inbound Surface Parcel Post (at UPU Rates).

E. Restricted Delivery and International Restricted Delivery

Restricted Delivery permits the mailer to restrict delivery to the addressee or a designated agent of the addressee. International Restricted Delivery for inbound mail from foreign mailers is handled in the same manner by the Postal Service as domestic Restricted Delivery.¹²

The Postal Service maintains that it “is fundamentally difficult to develop a concept of ‘service performance’ that could be measured for these services.” USPS Request at 18. This follows from the “binary choice” at delivery: “whether a piece must be delivered only to the named addressee or may be delivered to someone else,” and a “feasible way of recording and tracking the identity of each person to whom delivery personnel actually relinquish a mailpiece.” *Id.*, at 18-19.

The Postal Service does not consider such a recording and tracking system to be feasible. That said, there are options short of the Postal Service's described

¹² The fulfillment of delivery on an outbound mailpiece with International Restricted Delivery in a foreign country is dependent on a foreign postal operator, and thereby complicates (or possibly precludes) the measurement of service performance.

recording and tracking system that reflects the essential nature of Restricted Delivery, and the measurement of that service. In fact, the Postal Service's articulation of the "binary choice" at delivery should form the basis for periodic reporting of service performance for Restricted Delivery.

For these reasons, the Commission should reject the Postal Service's request for a semi-permanent exception, and require service performance measurement based upon the "binary choice" at delivery. When the accountable Restricted Delivery mailpiece is presented, delivery personnel could record "Yes" or "No," reflecting delivery to the addressee (or the addressee's designated agent), or delivery to someone other than the addressee, respectively.

II. PRODUCTS AND SERVICES FOR WHICH A SEMI-PERMANENT EXCEPTION FROM PERIODIC REPORTING OF SERVICE PERFORMANCE MEASUREMENT ARE JUSTIFIED

The Postal Service identifies a number of products (or components thereof) for which a semi-permanent exception from the periodic reporting of service performance is justified. These products exhibit common features, and therefore can be grouped for purposes of analysis. One grouping consists of negotiated service agreements (NSAs). Rule 3055.3 permits a semi-permanent exception if the "product or product component is a negotiated service agreement with substantially all components of the agreement included in the measurement of other products." 39 C.F.R. § 3055.3(a)(3). There are currently three active market dominant NSAs—The Bradford Group, Life Line Screening, and Canada Post Corporation. The Postal Service asserts "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.” USPS Request at 25.

A second grouping includes products for which the postal service provided constitutes a window service or other transaction. Completion of the transaction concludes the Postal Service’s performance associated with the product or service. Such a transaction-based product or product component “defies meaningful measurement.” 39 C.F.R. § 3055(a)(2). Among the products identified by the Postal Service clearly demonstrating this quality are the following: Change of Address Credit Card Authentication; Certificate of Mailing; International Certificate of Mailing; Money Orders;¹³ Stamped Envelopes, Cards, and Stationery; Customs Clearance and Delivery Fee; and, International Reply Coupons (outbound and inbound).

Another grouping consists of products whose very design “defies meaningful measurement,” and products ancillary to international mail. In this regard, the Postal Service describes Caller Service in terms of flexible arrangements between the delivery office and mail recipients to facilitate the pick-up their mail, including “pick-up times that are pre-arranged or may be on an ‘on-call’ basis,” and arrangements that permit mail recipients “multiple pick-ups on a given day.” USPS Request at 15. Parcel Airlift provides air transportation on a space-available basis for Standard Mail parcels between certain U.S. military post offices, while Special Handling provides preferential handling “to the extent practicable” in dispatch and transportation of First-Class Mail

¹³ Even in the absence of service performance measurement for the purchase of a Money Order, the Postal Service has established service standards for, and intends to measure and report the service performance associated with, the processing of Money Order inquiries. USPS Request at 17.

and Package Services. Accordingly, Parcel Airlift and Special Handling are purchased with the “explicit understanding” that the requested transportation upgrade or special handling, respectively, “is subject to availability.” *Id.* at 18. For hard-copy International Return Receipts, service performance is dependent upon foreign postal operators, which complicates measurement. Such operators are responsible for processing inbound International Return Receipts for return to senders in the U.S. With respect to outbound International Return Receipts, which are completed in the U.S. by, and entered in, the Postal Service, such operators are responsible for effectuating the return (*i.e.*, delivery) in the destinating foreign countries. *Id.*, at 23. Similarly, the service performance of outbound International Registered Mail is dependent upon the “foreign postal operation responsible for delivery in the destination country, and not on Postal Service performance.” *Id.*, at 22.

Finally, the Postal Service’s request for a semi-permanent exception should be granted for Address Correction Service (ACS) for address information submitted in hard-copy form, given the cost of measuring service performance for a service the Postal Service expects will decline overtime as it seeks to switch hard-copy subscribers to electronic and/or automated ACS. *Id.*, at 13 and 14.

III. CONCLUSION

The Public Representative respectfully submits the foregoing Comments for the Commission's consideration.

Respectfully submitted,

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