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

SIX-DAY TO FIVE-DAY CARRIER DELIVERY AND RELATED SERVICE CHANGES, 2010	Docket No. N2010-1

SURREBUTTAL TESTIMONY OF

MELISSA STARR

ON BEHALF OF THE

UNITED STATES POSTAL SERVICE

Autobiographical Sketch

My name is Melissa Starr. I am a Senior Project Executive in IBM's Global Services Division in the Business Analytics and Optimization practice, located at 8000 Grainger Court, Springfield, VA 22153.

I am responsible for directing IBM's projects in the area of postal transit-time performance measurement. I have led this work for more than 15 years, directing the development of 20 new service performance measurement systems of domestic and international postal products ranging from First-Class Mail, Priority Mail, Standard Mail, Periodicals, to Express Mail. I have also led two major expansions of the External First-Class Measurement System (EXFC) in 1998 and 2008. I have performed service measurement studies for the United States Postal Service and other international postal agencies.

I have a B.S. in Business Administration with a concentration in Statistics from the University of Alabama. I also have a M.S. in Statistics from North Carolina State University.

I. Purpose and Scope of Testimony

The purpose of this testimony is to provide information about the service performance of single-piece First-Class Mail in rebuttal to the testimony of Public Representative witness Oregon Secretary of State Kate Brown (PR-T-1) at pages 2689-90 of Transcript Volume VIII regarding the length of time normally required for mail delivery between or to and from certain rural areas in Oregon.

II. The EXFC Measurement System

For several decades, the Global Business Services division within International Business Machines (IBM) Corporation has operated the External First-Class (EXFC) system for the United States Postal Service. EXFC rigorously measures the number of days from deposit of single-piece First-Class Mail® letters, cards and flat envelopes into collection boxes or lobby chutes until delivery to residential or business street addresses or Post Office Box addresses. EXFC compares the transit times of anonymously entered test mail pieces to the service standards established for the 3-digit ZIP Code origins and destinations for those mail pieces. EXFC continuously tests service in 892 3-digit ZIP Code areas among which virtually all single-piece First-Class Mail originates and destinates. Aggregate EXFC data are reported by the Postal Service to the Commission on a quarterly basis.[1]

[1] A description of EXFC was provided to the Commission in Docket No. PI2008-1, on pages 14-15 of the Postal Service's June 2008 *Service Performance Measurement* document attached to PRC Order No. 83 (June 18, 2008).
See http://www.prc.gov/Docs/60/60194/OrderNo.83Attachment.pdf.

Beginning with fiscal year (FY) 2009, EXFC measurement in Oregon included all of the 3-digit ZIP Code areas within the state: 970, 971, 972, 973, 974, 975, 976, 977, 978, and 979. First-Class Mail pieces sent within Oregon have either an overnight or two-day service standard, with all mail sent within the same three-digit ZIP Code area having an overnight service standard.

III. Description of Methodology for Analysis of EXFC Data

After reviewing the testimony of Public Representative witness Brown regarding mail transit times between rural origins and destinations within the state of Oregon (Tr. Vol. X at 2689-90), we examined EXFC test mail piece data collected since the beginning of FY 2009. For purposes of our analysis, we categorized each 5-digit ZIP Code origin-destination pair within Oregon into one of four groups based on the classification of the origin and destination 5-digit ZIP Codes as urban or rural. The ZIP Code classification was performed using a resource from the Oregon Office of Rural Health (ORH) which designates each 5-digit ZIP Code as either rural or urban based on distance.[2] The rural locations are all geographic areas 10 or more miles from the centroid of a population center containing 40,000 or more. Population numbers were based on 2007 data produced by the Portland State University Population Research Center (http://www.pdx.edu/prc/). Using this resource, 347 5-digit ZIP Code areas within

[2] The following linked document describes the method relied upon by the Oregon Office of Rural Health to define areas within the state as rural or urban: http://www.ohsu.edu/ohsuedu/outreach/oregonruralhealth/data/definitions/index.cfm

Oregon were classified as rural and the remaining 125 5-digit ZIP Codes were classified as urban.[3]

The EXFC test mail fell into four categories as follows:

- Rural origin to Rural destination – Such examples would include mail sent within the same rural area, such as Klamath Falls, or between rural locations such as from Ontario to Klamath Falls.

- Rural origin to Urban destination – Examples might include mail sent from a rural area such as Grants Pass to the nearby urban area of Medford or mailed from Nyssa to Portland.

- Urban origin to Rural destination – Examples include pieces from Salem to nearby Stayton or across the state to Stanfield.

- Urban origin to Urban destination – Examples here include pieces mailed within the same urban area, such as Eugene, or between urban areas, such as from Bend to Medford.

Next we examined raw EXFC data to count the total number of EXFC test pieces in each category as well as the number of pieces which took five or more calendar days to deliver. These data are in the attached spreadsheets. Then we calculated the percentage of mail that experienced a transit time of five or more calendar days.

IV. Analysis of Results

The following table shows the results of this analysis for two time periods: Quarter 1 to Quarter 3 FY 2010 and the entirety of FY 2009.

[3] The following linked list identifies the 5-digit ZIP Codes in Oregon designated as either rural or urban by the Oregon Office of Rural Health: http://www.ohsu.edu/ohsuedu/outreach/oregonruralhealth/data/definitions/upload/List-of-OR-Zip-Codes-and-ORH-Designations.pdf

Category	Percentage of EXFC Mail within Oregon Taking 5+ Calendar Days in Transit	
	Q1 – Q3 FY10	Q1 – Q4 FY09
Rural Origin to Rural Destination	0.5%	1.0%
Rural Origin to Urban Destination	0.7%	0.7%
Urban Origin to Rural Destination	0.5%	0.3%
Urban Origin to Urban Destination	0.4%	0.3%

These results indicate that the incidence of EXFC test pieces sent within the state of Oregon taking five or more calendar days to deliver was very low across all four categories in both time periods. Less than one percent of all test pieces took five or more calendar days when mailed from a rural Oregon origin to a rural Oregon destination, which was the primary area of concern cited in the testimony of Public Representative witness Secretary of State Brown. While some pieces required five or more days in all categories during both time periods, these data indicate that such cases were definitely not the norm in rural or urban areas of Oregon as measured by the independent EXFC measurement system.

The FY09 annual Service Variance Report for Single-Piece First-Class Mail indicated that nationally 99.8 percent of First-Class Mail with an overnight service standard was delivered within the service standard plus three delivery days and that 99.4 percent of First-Class Mail with a two-day service standard was delivered within the service standard plus two delivery days. For each quarter thus far in FY 2010, the results have been similar at the national level as well as for the Portland performance cluster.[4] These results provide further

[4] EXFC service performance and variance data are compiled on a quarterly basis and published online at www.usps.com. The above-referenced variance data are accessible for examination directly via the following link: http://www.usps.com/serviceperformance/_pdf/FY2010_SinglePiece_First_Class_Mail_ServiceVariance.pdf

evidence that single-piece First-Class Mail that experiences five or more days for delivery is not frequently observed in the EXFC measurement system.

EXFC Test Pieces Sent Within Oregon in FY 2009

	Number of Test Pieces in Category			
Number of Calendar Days Required	**Rural Origin to Rural Destination**	**Rural Origin to Urban Destination**	**Urban Origin to Rural Destination**	**Urban Origin to Urban Destination**
1	1222	1057	4240	10123
2	591	654	1595	1728
3	146	152	424	482
4	21	16	104	66
5	5	10	9	18
6	8	1	4	9
7	3	3	2	7
8			2	2
9	1			
11	1			
12				1
14				1
17	1			
Grand Total	**1999**	**1893**	**6380**	**12437**

Number pieces taking 5 or more days	19	14	17	38
Total Pieces	1999	1893	6380	12437
Percentage of Pieces taking 5 or more days	1.0%	0.7%	0.3%	0.3%

EXFC Test Pieces Sent Within Oregon in FY 2010 Q1 through Q3

	Number of Test Pieces in Category			
Number of Calendar Days Required	**Rural Origin to Rural Destination**	**Rural Origin to Urban Destination**	**Urban Origin to Rural Destination**	**Urban Origin to Urban Destination**
1	1005	824	3319	7055
2	467	576	1250	1452
3	157	153	273	277
4	24	36	43	73
5	3	3	7	14
6	2	1	10	10
7	1	3	1	4
8	3		1	2
9			1	
10		2		
11		1	1	
12			1	3
13			1	
14		1	1	
15				1
20				2
Grand Total	**1662**	**1600**	**4909**	**8893**

Number pieces taking 5 or more days	9	11	24	36
Total Pieces	1662	1600	4909	8893
Percentage of Pieces taking 5 or more days	0.5%	0.7%	0.5%	0.4%