

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Temporary Waivers from Periodic)  
Reporting of Service Performance )  
Measurement )

Docket No. RM2011-1

PUBLIC REPRESENTATIVE'S INITIAL COMMENTS  
IN RESPONSE TO POSTAL SERVICE REQUEST FOR  
TEMPORARY WAIVERS FROM PERIODIC REPORTING  
OF SERVICE PERFORMANCE MEASUREMENT

(November 24, 2010)

Pursuant to Commission Order No. 552,<sup>1</sup> the Public Representative hereby provides comments in response to the Postal Service's request for temporary waivers from periodic reporting of service performance measurement for various market dominant postal products, or product components.<sup>2</sup> Those products (or components thereof) are: First Class Mail Flats at the district level; non-retail First Class Mail Parcels; all categories of Standard Mail; Outside County Periodicals; non-retail Media Mail/Library Mail, and Bound Printed Matter Parcels; and Stamp Fulfillment Services. USPS Request at 1.

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

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<sup>1</sup> See PRC Order No. 552, Notice and Order Concerning Filing of Postal Service Request for Temporary Waivers from Periodic Reporting of Service Performance Measurement, October 4, 2010.

<sup>2</sup> See United States Postal Service Request for Temporary Waivers from the Periodic Reporting of Service Performance Measurement (herein "USPS Request"), October 1, 2010.

measurement and customer satisfaction.<sup>3</sup> In that Order, the Commission also established a process by which the Postal Service is to “achieve full compliance with all reporting requirements by the filing date of the FY 2011 Annual Compliance Report (2011 ACR).” *Id.* at 21. As part of that process, the Commission directed the Postal Service to request “temporary waivers where it cannot immediately comply with specific reporting requirements.” *Id.* at 22. The Commission emphasized that the requested waivers were to be “temporary, short-term waivers from reporting in areas where measurement and reporting systems need additional time for development.” *Id.* at 21. The Commission further directed that, as a condition of granting any waiver, the Postal Service’s request be accompanied by “implementation plans addressing each reporting requirement for which the Postal Service cannot provide the required information.” *Id.* at 21-22. In this regard, the Commission specified that:<sup>4</sup>

Implementation plans at a minimum should provide an explanation of why a reporting requirement cannot be complied with, the steps necessary to come into compliance, and a timeline of events necessary to achieve compliance. Interim milestones shall be included in the plans where applicable such that both the Postal Service and the Commission can evaluate progress being made.

The Postal Service is also required to provide status reports on achieving such milestones with the filing of its quarterly service performance reports. *Id.*

Subsequent to its Request, the Postal Service provided additional information.

In response to Chairman’s Information Request No. 1, the Postal Service further explained its request for temporary waivers for each product by class, including the

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<sup>3</sup> See PRC Order No. 465, Order Establishing Final Rules Concerning Periodic Reporting of Service Performance Measurements and Customer Satisfaction, May 25, 2010.

<sup>4</sup> *Id.* at 23.

service standard and geographic reporting levels, use of proxies (if any), whether such proxies were temporary or permanent, and the start of service performance reporting.<sup>5</sup>

The Postal Service supplemented its responses during a technical conference at the Commission's offices on Wednesday, November 17, 2010.<sup>6</sup>

The Public Representative's review of the Postal Service's request indicates that temporary waivers from the reporting of quarterly service performance are warranted for two products. In the case of First-Class Mail Flats, approval of the requested temporary waiver is expected to result in full compliance with the quarterly reporting of service performance at the district level prior to the filing of the FY2011 Annual Compliance Report. In the case of Stamp Fulfillment Services, a new product recently added to the market dominant product list, granting the requested temporary waiver would allow the Postal Service to determine whether to propose service standards and establish a service performance measurement system, or request a semi-permanent exemption. For the remaining products (or components thereof)—First-Class Mail commercial parcels, all Standard Mail products, Outside and Within County Periodicals, and Package Services non-retail Media Mail/Library Mail Parcels, and Bound Printed Matter Parcels—the Commission should rejected the Postal Service's request for temporary waivers.

With respect to the Standard Mail products and Outside and Within County Periodicals, the Public Representative is under no illusion that rejection (or approval) of

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<sup>5</sup> See Responses of United States Postal Service to Chairman's Information Request No. 1 (herein "CHIR Response"), November 12, 2010.

<sup>6</sup> See PRC Order No. 580, Order Scheduling Technical Conference, November 8, 2010.

the requested temporary waivers alone will alter the timelines for quarterly service performance reporting for these products, which are based upon Full-Service Intelligent Mail® barcodes and corresponding documentation methods that permit use of the hybrid measurement system. According to the Postal Service's Request, quarterly service performance reporting is anticipated to begin sometime in 2012 at the earliest, although such reporting based upon the hybrid measurement system may never be possible. The system changes and changes in mailer behavior that must occur are too numerous to make Full-Service Intelligent Mail® barcodes and corresponding documentation methods a useable, let alone reliable, platform for service performance measurement.

Given these circumstances, the Public Representative suggests requiring use of an external measurement system for these products. The Postal Service is quick to object to an external system on grounds of cost.<sup>7</sup> However, the Postal Service's objections as to cost lack documentation.<sup>8</sup> More importantly, it appears the Postal Service currently expends (or proposes to spend) considerable resources massaging the systems supporting Full-Service Intelligent Mail® barcodes for purposes of service performance measurement, which has yet to produce any service performance results by product. In this regard, the Commission should require as part of its determination as to the merits of the requested temporary waivers an estimate of Postal Service resources expended by class and product in using and maintaining, and proposed for

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<sup>7</sup> USPS Request at 4, note 10; and, at 9.

<sup>8</sup> See, for example, the Postal Service's response to CHIR No. 1, Question 3(e), seeking documentation specifying the system requirements to reliably measure service performance for First-Class Mail flats. Such documentation, if provided, would have permitted an estimate of costs for purposes of comparison with the Postal Service's estimate of \$4 million. USPS Request at 4, note 10.

modifying, the systems supporting Full-Service Intelligent Mail® barcodes in order to permit comparisons of these costs versus an external measurement system.

I. FIRST-CLASS MAIL

A. First-Class Mail Flats

The Postal Service currently relies on the External First-Class Measurement System (EXFC) to report the service performance of single-piece flats, which also serves as a proxy for the performance of presort flats. The Postal Service explains, however, that EXFC measures “service performance results for letters, cards, and flats, *in the aggregate*,” at the district level for Overnight, Two-Day, and Three-to-Five Day service standards, based upon test mailpieces by shape that reflect actual mail volume estimates. (Emphasis added) USPS Request at 3. Because flats constitute a relatively small portion of the EXFC test mailpieces, “the statistical precision for the service performance measures would vary greatly for Flats at the postal district level.” *Id.* Consequently, such wide variability “would not provide meaningful results.” *Id.* at 4

The Postal Service seeks a temporary waiver for the quarterly service performance reporting of First-Class Mail Flats at the district level. In its Request, the Postal Service states it will “analyze design changes and implement modifications to the EXFC system to support expanded measurement” during Quarter 1 of FY2011 so that “[r]eporting on Flats performance at the district level will begin in Quarter 2 of FY2011.” *Id.* at 4. In its response to CHIR No. 1, however, the Postal Service revises its reporting plans, stating that the necessary EXFC contract modifications and testing will not be completed “to allow reporting on that schedule.” CHIR Response at 3. The Postal Service further advises that it is “currently unclear when the modifications will be

finalized and reporting will begin for this category.” *Id.* As a result, the Postal Service will report flats results for the foreseeable future only at the national and area levels for Overnight, Two-Day, and Three-to-Five Day service standards, relying on single-piece flats as a proxy for such purposes. However, the use of single-piece flats as a proxy for reporting at the national, area and district levels when operational is itself intended to be temporary. CHIR Response, Table, at 2. Ultimately, the Postal Service seeks to use Full-Service Intelligent Mail barcodes and the hybrid measurement, although it must determine whether there is sufficient volume of presorted flats for reliable service performance measurement, or whether continued use of the proxy is warranted. USPS Request at 4.

B. Non-Retail (Commercial) First-Class Mail Parcels

Currently, the reporting of service performance measurement for the First-Class Mail Parcels product is based entirely on performance of single-piece parcels with Delivery Confirmation accepted over the counter at retail postal locations. Non-retail (or commercial) First-Class Mail parcels are not used in the measurement of this product as commercial parcels lack a reliable start-the-clock method. USPS Request at 4. That method relies upon mailers use of Delivery Confirmation and electronic mailing documentation listing the unique Delivery Confirmation barcodes used to “start-the-clock” for service performance measurement.<sup>9</sup> The Postal Service explains that electronic documentation is problematic because the entry date, time, and/or location of parcels does not always match the documentation. CHIR Response at 10.

Accordingly, such “discrepancies could cause service performance calculations to be inaccurate.” *Id.* Nevertheless, the Postal Service considers single-piece parcels “to be a reliable proxy measurement for the entire First Class Mail Parcels product category, because the parcels travel through the same network whether mailed by retail or commercial customers.” USPS Request at 4 - 5.

The Postal Service requests a temporary waiver to implement “new business rules for starting-the-clock” for commercial parcels. *Id.* at 5. Rather than rely on electronic documentation of Delivery Confirmation barcodes, the Postal Service proposes a new “start-the-clock” event for service performance measurement: the first Delivery Confirmation barcode scan on mail processing equipment. *Id.* The Postal Service claims that the first Delivery Confirmation scan at origin will “capture the date, time, and location that the Postal Service took possession of the mail.” *Id.* The Postal Service states that “system changes are schedule to be implemented in May 2011 . . . [with the addition of] commercial parcels into the official First-Class Mail Parcels measurement results using this approach in Quarter 4 of FY2011.” *Id.* at 5 - 6. Until that time, however, retail parcels with Delivery Confirmation will be used as a proxy for the quarterly service performance reporting of the First-Class Mail Parcels product. *Id.* at 6. Like First-Class Mail Flats, this proxy is intended to be temporary until there is sufficient volume of commercial parcels with Full-Service Intelligent Mail barcodes to reliably measure service performance. CHIR Response at 2 – 3.

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<sup>9</sup> PRC Order No. 83, Second Notice of Request for Comments on Service Performance Measurement Systems for Market Dominant Products, Docket No. PI2008-1, June 18, 2008, attachment entitled *United States Postal Service, Service Performance Measurement*, June 2008, at 18.

### C. Recommendations Concerning First-Class Mail

The Commission should approve the Postal Service's request for a temporary waiver for the reporting of First-Class Mail Flats product at the district level. This would permit the Postal Service to implement modifications to the EXFC system to expand the measurement of flats. At this time, however, the Postal Service is unable to state when contract modifications will be finalized or service performance reporting will begin. As a result, approval should be conditioned upon Postal Service notification to the Commission on the finalization of the EXFC contract modifications and a date certain for the initiation of service performance reporting for the First-Class Mail Flats product.

With respect to commercial First-Class Mail Parcels, the Commission should reject the requested waiver. The Postal Service states that changing the start-the-clock event to the first Delivery Confirmation barcode scan on mail processing equipment will reduce inaccuracies in service performance measurement. However, use of the first Delivery Confirmation scan on mail processing equipment to the start-the-clock introduces another form of inaccuracy. In effect, the Postal Service is moving the starting "line" (*i.e.*, start-the-clock event) closer to the finish "line" (*i.e.*, stop-the-clock event). Doing so, contrary to the Postal Service's claim, excludes the time commercial parcels are in the Postal Service's possession prior to the first scan. This stands in marked contrast to the start-the-clock event for retail parcels, where the first Delivery Confirmation scan occurs at the time the Postal Service receives the parcel from the customer.

The Commission should require a Postal Service analysis of inaccuracies introduced into service performance measurement of commercial parcels associated with changing the start-the-clock event to the first Delivery Confirmation scan on mail

processing equipment. More specifically, the Postal Service should determine the average time in possession of commercial parcels prior to the first Delivery Confirmation scan, which would serve as an adjustment factor in determining service performance. The Commission should also require the Postal Service to request a new temporary waiver upon completing the required analysis.

By rejecting the requested temporary waiver, the Postal Service would have additional time to determine the effect of changing the start-the-clock event on service performance measurement prior to any subsequent request for a temporary waiver. And, if such a temporary waiver request were then approved by the Commission, the Postal Service should be required to update periodically thereafter its analysis to ensure that the adjustment factor is accurate. Moreover, rejecting the requested waiver and requiring the Postal Service to provide this additional information would not degrade service performance reporting in the interim. The use of the first Delivery Confirmation scan is intended to be temporary step, which will be replaced by the hybrid measurement system using Full Service Intelligent Mail barcodes. During that time, single-piece First-Class Mail parcels with Delivery Confirmation would remain a reliable proxy for the entire First-Class Mail Parcels product.

## II. STANDARD MAIL

In its Request, the Postal Service requests a temporary waiver from the periodic reporting of quarterly service performance for all Standard Mail products: High Density and Saturation Letters and Flats/Parcels, Carrier Route, and Letters, Flats, and Not-Flat Machinables (NFM)/Parcels. Each of these products is discussed below.

A. Standard Mail High Density and Saturation Letters and Flats; Not-Flats Machinables (NFM)s/Parcels; and High Density and Saturation Parcels, and Carrier Route Parcels

1. High Density and Saturation Letters and Flats

Periodic reporting for the Standard Mail products High Density and Saturation Letters and Flats is based on the Intelligent Mail barcode (IMb). However, several methods of electronic documentation for Full-Service Intelligent Mail®—specifically, Postal Wizard and Intelligent Mail Range Record (IMR)—do not permit Postal Service data systems to distinguish the product category of each mailpiece. As a result, the Postal Service estimates that approximately half of all letters and flats with Full-Service Intelligent Mail® barcodes lack product level detail necessary for service performance measurement.<sup>10</sup>

In the absence of such detail, the Postal Service requests a temporary waiver for additional time to “work with industry to define new specifications for electronic documentation that would provide the necessary level of detail,” obtain “industry acceptance,” and provide for “a transition period for mailers to implement the system changes.” *Id.* at 7. All told, the Postal Service estimates that a “critical level of industry adoption would take two or more years.” *Id.* Therefore, the Postal Service “does not expect to be able to comply fully with the product- and sub-product-level service performance reporting requirements for Standard Mail until 2012 at the earliest.” *Id.*

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<sup>10</sup> USPS Request at 6. In response to questioning about this approximation, the Postal Service further explains that: “In Quarter 4 of FY2010, 33 percent of Full Service Intelligent Mail Standard Mail eligible for service measurement used documentation methods that allowed for identification of each mailpiece’s product category. CHIR Response at 17.”

## 2. Not-Flats Machinables (NFMs)/Parcels

The Postal Service proposes periodic reporting for the Standard Mail Not-Flat Machinables (NFMs)/Parcels product based upon Full-Service Intelligent Mail® barcodes and corresponding documentation methods that permit use of the hybrid measurement process. This represents a change from the service performance measurement system originally proposed for NFMs/Parcels, which was based upon Delivery Confirmation electronic documentation. However, this change assumes the Postal Service's request to subdivide and transfer a portion of the Standard Mail NFMs/Parcels product to the competitive product list is approved by the Commission.<sup>11</sup> Periodic reporting based upon the hybrid measurement system using Full-Service Intelligent Mail® barcodes would apply to those NFMs/Parcels that remain within the market dominant product category.

The Postal Service requests a temporary waiver for “additional time . . . to assess the volumes of data that will be available through the hybrid measurement process.” USPS Request at 8. The Postal Service “anticipates” service performance measurement of “Standard Mail Parcels beginning in Quarter 4 of FY2011.” *Id.* Even if service measurement occurs at that time, NFMs/Parcels volume “might not support reliable reporting at the granular reporting levels available for letters and flats.” *Id.* However, the Postal Service advises that in the absence of Commission approval of the transfer to the competitive product list, the Postal Service intends to “establish a

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<sup>11</sup> See Request of the United States Postal Service to Transfer Commercial Standard Mail Parcels to the Competitive Products List, Docket No. MC2010-36, August 16, 2010 (transfer); Exigent Request of the United States Postal Service, Docket No. R2010-4, July 6, 2010, at 19 & Att. A at 35-40 (subdivision).

measurement for the NFMs/Parcels category or to propose a suitable proxy for measurement by Quarter 4 of FY2011.” CHIR Response at 14.

3. High Density and Saturation Parcels, and Carrier Route Parcels

In its Request, the Postal Service requests a temporary waiver from the quarterly reporting of service performance for the parcels component of the High Density and Saturation Flats/Parcels product and the Carrier Route product. Initially, the Postal Service proposes to use data from NFMs/Parcels as a proxy for the service performance of High Density and Saturation parcels and Carrier Route parcels. USPS Request at 9. Subsequently, in its response to CHIR No. 1, the Postal Service proposes use of a different proxy, specifically that of “High Density/Saturation Flats performance as a proxy for High Density/Saturation parcels performance on a permanent basis.” CHIR Response at 13. In a similar change, Carrier Route Flats performance will be used as a proxy for Carrier Route parcel performance on a permanent basis. *Id.* Given that quarterly service performance reporting for High Density and Saturation Flats will not begin until 2012 “at the earliest,” service performance reporting for High Density and Saturation parcels (and presumably Carrier Route parcels) will not begin until sometime in 2012, as well. The Postal Service also reiterates previous concerns that the alternative of establishing an independent measurement method would be “impractical and unduly expensive” given the process modifications that would be required of mailers for measurement of these “small and shrinking product segments.” *Id.*

## B. Summary of Periodic Reporting for Standard Mail

At the present time, the Postal Service is unable to provide periodic reporting of quarterly service performance for any Standard Mail product by required service standard and geographic reporting levels. In the alternative, the Postal Service proposes quarterly reporting of Standard Mail service performance on an interim basis by shape: All letters and all flats (High Density, Saturation, Carrier Route, and Basic) for Destination Entry (2-Day, 3-to-4-Day, and 5- to-10-Day) and End-to-End (3-to-5-Day, 6-to-10-Day, and 11-to- 22-Day) “service” reporting levels by District, Area and National “geographic” reporting levels; and, for Not-Flat Machinables (NFM)s/Parcels, Destination Entry and End-to-End service levels by District, Area and National geographic levels. *Id.*, Table at 8 – 9. The Postal Service intends interim quarterly reporting by shape to be replaced by quarterly reporting by product at the required service and geographic levels in 2012. CHIR Response at 12; USPS Request at 7. However, the Postal Service also states that the interim service performance reporting will remain in place “[u]ntil the requisite level of [product] detail is available for at least 80 percent of the Standard Mail pieces with Full-Service Intelligent Mail® barcodes.” *Id.* at 9.

## C. Recommendations Concerning Standard Mail

The Postal Service’s request for a temporary waiver from the requirement of quarterly reporting of service performance measurement for all Standard Mail products is problematic. The requested temporary waiver will be neither temporary nor short-term. As the Postal Service’s Request makes clear, the likelihood of service performance reporting for any Standard Mail product is remote because such reporting

is contingent on data system modifications, new specifications for electronic documentation, changes in mailer behavior, and volumes with the requisite level of product-level detail. As a result, the Commission should expect Postal Service quarterly reporting only by shape for an extended period of time.

For the High Density and Saturation Letters and Flats products, the Postal Service does not expect to be in compliance with quarterly service performance reporting requirements based upon the hybrid measurement system until sometime in “2012 at the earliest.” Even that tentative reporting timeline is contingent upon “at least 80 percent” of the Standard Mail pieces with Full-Service Intelligent Mail® barcodes containing product-level data to permit Postal Service data systems to distinguish the product category of each mailpiece. It is clear that this contingency will control the initiation of service performance reporting for High Density and Saturation Letters and Flats, and suggests full compliance with the Commission’s rules on quarterly reporting by product may never be possible. Moreover, this contingency will similarly affect the service performance reporting for High Density and Saturation parcels and Carrier Route parcels, which are dependent upon the service performance of High Density/Saturation flats and Carrier Route flats, respectively, as a proxy.

Service performance reporting for the NFM/Parcels product, based upon the hybrid measurement system or a proxy, is not expected to begin until Quarter 4 of FY 2011. In the case of the hybrid measurement system, however, the Postal Service only “anticipates” service performance measurement at something less than the required reporting levels at that time. With respect to a proxy, none has been identified for Commission consideration.

The Commission should reject the Postal Service's requested temporary waiver for the quarterly reporting of service performance for all Standard Mail products. Doing so does not change the service performance reporting expected for the foreseeable future. The alternative, however, suggests Commission contentment with the Postal Service's efforts to date in providing service performance measurement for Standard Mail, and does not advance reporting by product.

In rejecting the requested waiver, one option available to the Commission is to direct that the Postal Service use an external measurement system. In the absence of requiring an external measurement system, the Commission should establish a permanent docket to receive the Postal Service's quarterly status reports required by the Commission's rules. By establishing a permanent docket, the Commission can set procedures for receiving public comment and more closely monitor the status reports with respect to Postal Service's implementation plans for achieving compliance, progress on meeting interim milestones, and a timeline of events (and changes thereto) leading to compliance.

### III. PERIODICALS

#### A. Periodicals

The Postal Service currently relies on the Red Tag and Dell-Track external measurement systems to report the service performance of Periodicals. Based upon these measurement systems, the Postal Service is able to provide overall Periodicals service performance at the postal area and national levels each quarter, "without segregating Destination Entry performance from End-to-End performance." USPS Request at 11.

The Postal Service also operates the hybrid measurement system, which utilizes data from Full-Service Intelligent Mail® barcodes. However, the same data problems that afflict Standard Mail letters and flats that use certain Full-Service Intelligent Mail® electronic documentation methods also afflict Periodicals, with the same results. In this regard, the Postal Service estimates that approximately half of the Periodicals volume using Full-Service Intelligent Mail® relies on such electronic documentation methods, which do not provide product-level data that permit Postal Service data systems to distinguish between the Within County and Outside County product categories. USPS Request at 10.

Beginning in January 2011, the Postal Service proposes to implement modifications to its information systems to capture mailpieces level data when that data is provided in electronic documentation. *Id.* Nevertheless, the Postal Service maintains that even after implementation of these system modifications in January, much of the Periodicals data will not distinguish between Within County and Outside County for use in the hybrid measurement system. *Id.* at 11.

The Postal Service therefore requests a temporary waiver from the quarterly reporting of service performance for the Outside County product based upon the hybrid measurement system. It seeks additional time to work with Periodicals mailers to modify the specifications for electronic documentation so as to include product-level data “where such data is not currently required.” *Id.* The Postal Service further explains such modifications “require[] industry acceptance and a transition period for mailers to implement the system changes, . . . [a process that] would take two or more years.” *Id.* Accordingly, the Postal Service claims it will be unable to “comply fully with

the product-level service performance reporting requirements for Periodicals until 2012 at the earliest.” *Id.*

The Postal Service describes its quarterly reporting plans beginning in Quarter 1 of FY2011 as follows.<sup>12</sup>

[T]he Postal Service proposes to report on Periodicals service performance in the Destination Entry and End-to-End categories of Periodicals until at least 80 percent of the Full-Service Intelligent Mail® Periodicals data has the information necessary to determine whether each piece is Within County or Outside County. Until that milestone is reached, the Postal Service will use the mailings for which this piece-level information is available to describe the population of available data. It is anticipated that the vast majority of the Full-Service Intelligent Mail® Periodicals data will pertain to Outside County pieces.

#### B. Recommendations Concerning Periodicals

The Commission should reject the requested temporary waiver for Periodicals service performance for the same reasons explained with respect to Standard Mail. Like Standard Mail, Periodicals service performance is based upon the hybrid measurement system using Full-Service Intelligent Mail® barcodes. Therefore, the likelihood of Periodicals service performance reporting by product is remote because such reporting is contingent on data system modifications, new specifications for electronic documentation, changes in mailer behavior, and volumes with the requisite level of product-level detail. As with Standard Mail, the Commission should require Postal Service use of an external measurement system or, alternatively, establish a permanent docket to receive the Postal Service’s quarterly status reports concerning compliance.

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<sup>12</sup> USPS Request at 11 – 12.

#### IV. PACKAGE SERVICES

##### A. Non-Retail Media Mail/Library Mail Parcels, and Bound Printed Matter Parcels

The Postal Service requests a temporary waiver from the quarterly reporting of service performance for the non-retail Media Mail/Library Mail and Bound Printed Matter Parcels products. The justification for requesting a temporary waiver for these products parallels the justification for the commercial First-Class Mail Parcels product. Because there is no reliable start-the-clock method for non-retail parcel products, the Postal Service proposes to use the first Delivery Confirmation scan on mail processing equipment as the start-the-clock event. Implementation of system changes to base reporting on the first Delivery Confirmation scan are scheduled for May 2011, with system pilot tests planned for Quarter 3 of FY2011. USPS Request at 13. The Postal Service “anticipates” adding “commercial Package Services parcels into service performance reports beginning with Quarter 4 of FY2011.” *Id.* Unlike the commercial First-Class Mail Parcels product, however, the Postal Service states that changing the start-the-clock event to the first Delivery Confirmation scan is intended to be a permanent change. CHIR Response at 22.

In the interim, the Postal Service will continue to report quarterly service performance results for the following Package Services’ products with retail-entered Delivery Confirmation: Single-Piece Parcel Post, by 2-to-4-Day and 5-to-20-Day service standard reporting level at the District, Area, National geographic reporting levels; and, Media Mail/Library Mail, Bound Printed Matter Flats, and Bound Printed Matter Parcels, by Destination Entry and End-to-End service level at the District, Area and National geographic levels. *Id.*, Table at 12. The Postal Service also states

beginning with Quarter 4 of FY2010, it will “provide results for Single-Piece Parcel Post, retail Media/Library Mail, and possibly Bound Printed Matter Flats, if sufficient data are available through the hybrid measurement system.” *Id.*, at 13.

#### B. Recommendations Concerning Package Services

For the same reasons discussed above with respect to commercial First-Class Mail parcels, the Commission should reject the requested temporary waiver for the non-retail Media Mail/Library Mail and Bound Printed Matter Parcels products. Like commercial First-Class Mail Parcels, the Commission should require the Postal Service to determine the average time in possession of non-retail Package Services parcels prior to the first Delivery Confirmation scan, which would serve as an adjustment factor in determining service performance. The Commission should also require the Postal Service to request a new temporary waiver upon completion of its analysis. Moreover, given that changing the start-the-clock event to the first Delivery Confirmation scan for Package Services' parcels products is a permanent change, the Commission should be fully aware as to how changing the start-the-clock event would affect the service performance of the non-retail Media Mail/Library Mail and Bound Printed Matter Parcels products as part of any subsequent temporary waiver request.

#### V. STAMP FULFILLMENT SERVICES

Stamp Fulfillment Services (SFS) is a relatively new market dominant product, established at the request of the Postal Service.<sup>13</sup> The Postal Service did not propose service standards for the SFS product as part of its request, or subsequently. Nor did

the Commission inquire about service standards during the pendency of the Postal Service's request, or require the establishment of service standards and service performance measurement and reporting for Stamp Fulfillment Services in its order approving the request.<sup>14</sup> In Order No. 465, however, the Commission did list SFS among the special services for which service performance is to be reported on an annual and quarterly basis.<sup>15</sup>

Given these circumstances, the Postal Service requests a temporary waiver for additional time to “[explore] whether it is possible to develop a meaningful service standard and performance measurement system for SFS.” USPS Request at 15. The Postal Service “tentatively believes it may be possible” to commence service performance reporting “as early as Quarter 2 of FY2011, but possibly later.” *Id.* In the alternative, the Postal Service seeks additional time to “request a semi-permanent exception from the Commission . . . [should] the Postal Service find that SFS does not

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<sup>13</sup> See Request of the United States Postal Service to Add Stamp Fulfillment Services to the Mail Classification Schedule in Response to Order No. 391, Docket No. MC2009-19, April 26, 2010.

<sup>14</sup> See PRC Order No. 487, Order Accepting Product Descriptions and Approving Addition of Stamp Fulfillment Services to the Mail Classification Schedule Product List, Docket No. MC2009-19, July 13, 2010.

<sup>15</sup> Order No. 465, Appendix at 6 and 25. The Postal Service states that this requirement “has potential due process implications,” complaining that “SFS was not even added to the market dominant products list until almost two months after Order No. 465, [footnote omitted] which raises questions about how, as of Order No. 465’s issuance, it could have been subject to 39 U.S.C. § 3691 or the Commission’s rulemaking in Docket No. RM2009-11.” USPS Request at 14 – 15. The Postal Service complaint rings hollow. The PAEA requires the Postal Service to “analyze costs, revenues, rates, *and quality of service* . . . to demonstrate that *all products*” complied with Title 39. (emphasis added) 39 U.S.C. §3652(a)(1). At the direction of the Commission, in response to Order No. 487, the Postal Service requested the addition of SFS to the market-dominant product list which would require, pursuant to the statute, measurement of service performance. Moreover, the Postal Service was on notice that the Commission intended that each request to add a new product to the market dominant product list include “service performance measurement systems, service standards, service goals, data reporting elements, and data reporting methodologies.” 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, proposed rule 3055.6

admit of a meaningful service standard or performance measurement method.” *Id.*

Such a request “would likely be submitted during Quarter 1 of FY2011.” *Id.*

The Commission should approve the Postal Service’s request for a temporary waiver. Doing so would provide additional time for the Postal Service to determine whether it should establish service standards and a system of service performance measurement for SFS, or submit a request for a semi-permanent exception. However, the Postal Service hedges when it comes to providing a specific time period for making a decision in this regard. Additional time is warranted, but should not be unlimited. The Commission should require a Postal Service decision by a date certain.

VI. CONCLUSION

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

Respectfully submitted,

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Emmett Rand Costich  
Public Representative

901 New York Ave., NW Suite 200  
Washington, D.C. 20268-0001  
(202) 789-6833; Fax (202) 789-6861  
e-mail: [rand.costich@prc.gov](mailto:rand.costich@prc.gov)