

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

TEMPORARY WAIVERS FROM PERIODIC
REPORTING OF SERVICE PERFORMANCE
MEASUREMENT

Docket No. RM2011-7

**UNITED STATES POSTAL SERVICE REQUEST FOR TEMPORARY WAIVERS
FROM PERIODIC REPORTING OF SERVICE PERFORMANCE MEASUREMENT**
(February 3, 2011)

Pursuant to the Commission's Order No. 465,¹ the United States Postal Service (Postal Service) hereby submits a request for temporary waivers from the periodic reporting of service performance measurement. This request concerns the quarterly reporting of Standard Mail, and Bound Printed Matter Flats data and certain area- and district-level data for Presort First-Class Mail and End-to-End Periodicals.

I. Presort First-Class Mail, Standard Mail, Bound Printed Matter Flats

In Quarter 1, the FY2010 Quarter 4 service performance scores led the Postal Service to reassess the quality of service performance data. This review revealed that, among the portion of commercial mailers using the Full-Service Intelligent Mail barcode and therefore enabling their mail to be measured, insufficient mailer compliance with Full-Service Intelligent Mail requirements was challenging the reliability of performance measurement results. In particular, inaccuracies frequently appeared in the recorded date or time of entry, which affected the start-the-clock event and improperly extended the measurement of service performance based on the erroneous documentation, skewing the scores downward.

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 21-24, 61.

In November 2010, the Postal Service established a new certification process for all commercial mailers. Only pieces tendered by mailers certified as compliant and accurate are included in service performance measurement. The certification process has been somewhat slow in its initial stages: it has thus far been a manual process that involves review by both Postal Service field and headquarters personnel. The Postal Service is working on various methods to automate the process, which are currently expected to be in place by June and November 2011. In response to mailer feedback and Postal Service experience with the initially difficult process, the Postal Service is considering how to streamline and improve the process further, as well as possible alternative start-the-clock methods that could reduce the impact of documentation errors.

As of the end of Quarter 1 of FY2011, no Standard Mail or Bound Printed Matter Flats customers had met the criteria for certification, and only 11 Presort First-Class mailers did. As a result, no service performance data exist for Standard Mail or Bound Printed Matter Flats in Quarter 1.² Presort First-Class Mail data exist for Quarter 1 and will be reported, but there are districts and even some areas, and some service standard categories within certain districts or areas, without data due to the low coverage in Quarter 1. As of this filing, 26 Full-Service Intelligent Mail customer sites have been certified and included in Postal Service measurement systems, out of a total

² In its previous request for temporary waivers, the Postal Service averred that it could “possibly” report on Bound Printed Matter Flats “if sufficient data are available through the hybrid measurement system.” United States Postal Service Response Request for Temporary Waivers from Periodic Reporting of Service Performance Measurement (hereinafter “First Waivers Request”), Docket No. RM2011-1, October 1, 2010, at 13. Because the Postal Service now possesses a more refined understanding that this is not the case, a temporary waiver is now considered necessary for Bound Printed Matter Flats. Reportable data are even more limited now, in light of the need for verifying mailer compliance, than they were in Quarter 4 of FY 2010, when the Postal Service was able to report on Destination Entry Bound Printed Matter Flats based on a relatively small amount of measurable volume and days, notwithstanding reliability concerns.

of 527 Full-Service Intelligent Mail customer sites. The Postal Service is focusing first on the largest mailers in order to obtain a significant volume of measurable items for reporting as quickly as possible.

The Postal Service requests a temporary waiver for all Standard Mail and Bound Printed Matter Flats until such time as significant data exist in measurement systems, due to mailers' certification as actually compliant with the start-the-clock and other requirements for Full-Service Intelligent Mail. The Postal Service cannot, at this time, predict the timing of mailer certification, which is partially dependent on the pace of mailers' cooperation to remediate issues identified in the certification review. The certification process may also accelerate as the Postal Service explores ways to simplify the process and increase participation. The Postal Service proposes to begin reporting according to the following implementation schedule:

- Begin national-level reporting for a given shape, entry-level, and service-standard combination when 50 percent of districts in that category have scores with +/- 4 percent precision at a 95-percent confidence level.
- When that overall threshold has been reached for a given shape, entry-level, and service standard combination, begin reporting all district- and area-level cells for which sufficient data exist in that category.
- Other, likely marginal factors could affect the reportability of particular data points. For example, a given cell could be missing a significant number of origin or destination ZIP Codes, or there could be not enough mailer representation for that cell. Data in a particular cell could also be excluded for a given Quarter if the pertinent mailers were certified late enough in the quarter that the data are

not sufficiently representative for the entire time period. The Postal Service would identify such cells and the pertinent issues in its quarterly report.

The Postal Service also requests a temporary waiver to the extent that reportable data are unavailable for Presort First-Class Mail. If the Commission grants the Postal Service's request for a temporary waiver, the Postal Service would be willing to provide a status update or request an extension of the temporary waiver in the event that data availability setbacks continue to affect quarterly reporting in Quarter 2.

Although the Postal Service regrets this previously unforeseen setback, it is aimed at producing more reliable and accurate service performance reports in future quarters. To the extent that the Commission's service performance reporting rules are intended, in part, to allow the Postal Service and mailers to identify and resolve kinks in the system, whether operational or technical, the temporary unavailability of Presort First-Class Mail, Standard Mail, and Bound Printed Matter Flats data is an unfortunate consequence of just such an effort.

II. Periodicals

Across various recent dockets concerning service performance, the Postal Service has explained the differences between the Red Tag and Del-Trak systems currently used to measure Periodicals performance and the Full-Service Intelligent Mail system to which Periodicals customers are expected to migrate.³ The Postal Service advised the Commission that it would

³ United States Postal Service, Service Performance Measurement, June 2008, at 33-34, *attached to* 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 ("Until the Intelligent Mail system has sufficient Periodicals volume using IMb's, the Postal Service uses two external systems, Red Tag and Del-Trak, to measure Periodicals service performance. ... In FY2009, the Postal Service will use Red Tag and Del-Trak data for reporting at the area level on a quarterly basis. The data from both systems will be provided to an external measurement contractor for application of business rules and combining of the

continue to use data from Red Tag and Del-Trak in FY 2010 while additional Periodicals mailers adopt Full-Service Intelligent Mail® and as the Postal Service implements the systems to use the hybrid measurement approach for Periodicals. During the last four months of FY 2010, the Postal Service will have both Periodicals measurement systems running in parallel with the intention of switching to the hybrid measurement approach for Periodicals in FY 2011. The Postal Service will notify the Commission not later than 30 days prior to the planned start date of changes to the measurement approach.⁴

The Postal Service has not yet notified the Commission of such a change in measurement approach, because certified Full-Service Intelligent Mail use among Periodicals mailers remains nonexistent for the time being, much less sufficient. Hence, the Postal Service continues to rely on the Red Tag and Del-Trak systems to measure and report Periodicals performance.

The Red Tag and Del-Trak systems do not support the level of product- and sub-product-level disaggregation envisioned in the Commission's rules with sufficiently consistent reliability. As the Postal Service explained in its recent request for temporary waivers from service performance reporting,

In Quarter 4 of FY2010, the Postal Service will continue to provide an overall measure of Periodicals performance at the area and national level, without segregating Destination Entry performance from End-to-End performance. The current measurement approach relies on data from the Red Tag and Del-Trak systems. The combined volume from these two measurement systems is too low to provide statistically reliable service performance estimates at a more localized or granular level at this time.⁵

data for overall performance reporting. The Postal Service reports service performance at a postal administrative area level in the interim until the volume of Periodicals with IMb's and electronic mailing documentation is sufficiently robust to provide statistically significant results at a lower level of aggregation. As additional performance data become available, the granularity will increase and may allow for reporting at the district level."); PRC Order No. 140, Order Concerning Proposals for Internal Service Standards Measurements, Docket No. PI2008-1, November 25, 2008, at 19-20 ("The Del-Trak and Red Tag systems are proposed as interim measurement solutions until IMb-based systems become viable. ... Notwithstanding the concerns previously noted, and noted in the additional comments below, the Commission approves of the Postal Service's general approach in these areas.").

⁴ United States Postal Service Comments in Response to Order No. 292, Docket No. RM2009-11, November 2, 2009, at 35-36.

⁵ See First Waivers Request at 11.

In that request, the Postal Service proposed to report on Periodicals service performance in the Destination Entry and End-to-End categories beginning in Quarter 1 of FY2011.⁶ In hindsight, the Postal Service now realizes that it neglected to note a key premise of this proposal. At the time, the Postal Service expected to transition Periodicals measurement to the hybrid measurement system using Full-Service Intelligent Mail in Quarter 1. As a consequence of that transition, the Postal Service expected to be able to report at the Destination Entry and End-to-End categories with sufficient reliability, albeit not able to distinguish Within County from Outside County pieces until a certain level of mailer participation in providing the piece-level detail had been reached.

As described in the previous section, since the October 1, 2010, request in Docket No. RM2011-1, the new mailer certification process has momentarily delayed the previously expected transition to measurement based on Full-Service Intelligent Mail. This means that the Postal Service continues to rely on the Red Tag and Del-Trak measurement systems in Quarter 1, placing it in the same reporting situation as in Quarter 4 of FY2010. Therefore, in the event the Commission accepts the Postal Service's earlier reporting proposal for Periodicals, the Postal Service now requests a temporary waiver to defer such reporting until Periodicals data is available from certified Full-Service Intelligent Mail users and the Postal Service has shifted away from the Red Tag and Del-Trak measurement systems.⁷

⁶ *Id.*

⁷ The Postal Service regrets the admittedly awkward procedural posture and timing of this request. Had this conundrum surfaced earlier, the Postal Service no doubt would have been able to correct its proposal in Docket No. RM2011-1 without much ado. Because that proceeding appears to be nearing a decision, however, undersigned counsel felt the more appropriate tack would be not to introduce additional

The Postal Service does not propose completely to roll back its earlier proposal. Notwithstanding the general shortcomings, for purposes of the Commission's reporting rules, of the Red Tag and Del-Trak combined measurement relative to Full-Service Intelligent Mail, a preliminary review of Quarter 1 data from the former indicates that Destination Entry results are sufficiently reliable for reporting, as are the national and some area-level results for End-to-End Periodicals. In some areas, however, the data for End-to-End Periodicals are too sparse to provide a sufficiently high degree of statistical precision. Data for some areas will likely exceed +/- 6 percent precision, with some areas' confidence intervals possibly being much wider.

Therefore, the Postal Service specifically requests a temporary waiver for quarterly reporting of End-to-End Periodicals in areas with precision of greater than +/- 4 percent in Quarter 1 and each subsequent Quarter, until a significant number of mail from certified Full-Service Intelligent Mail users is available for measurement or until sufficient data exist in those areas to allow for statistical precision below that threshold. The Postal Service proposes that this threshold be met when the Full-Service Intelligent Mail includes 35 publications (the current number in the combined Red Tag and Del-Trak systems) and 10 percent of the total annual circulation of those publications (currently, approximately 28 million pieces). In the meantime, the Postal Service would enter "N/A" for those areas, while still reporting data at the national level and for other areas for End-to-End Periodicals, as well as all data for Destination Entry Periodicals and All Periodicals.

III. Conclusion

For the reasons discussed above, the Postal Service respectfully requests temporary waivers from periodic reporting for Standard Mail, Bound Printed Matter Flats, and, with respect to certain areas, for End-to-End Periodicals. The Postal Service also requests a temporary waiver for Presort First-Class Mail to the extent that data are currently unavailable.

Respectfully submitted,

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February 3, 2011