

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

Postal Regulatory Commission
Submitted 2/15/2011 2:22:11 PM
Filing ID: 71943
Accepted 2/15/2011

**Notice and Order Concerning Filing of Postal Service
Request for Temporary Waivers from Periodic
Reporting of Service Performance Measurement**

Docket No. RM2011-7

**COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE
AND THE DIRECT MARKETING ASSOCIATION: ORDER NO 664**

The Association for Postal Commerce and the Direct Marketing Association, Inc. (referred hereafter as “PostCom/DMA”) provide these comments in response to Postal Regulatory Commission (PRC) Order No 664, Docket No. RM2011-7, Temporary Waivers from Periodic Reporting of Service Performance Measurement.

PostCom/DMA submitted extensive comments to the Postal Regulatory Commission (PRC) in response to the USPS’ previously filed temporary waiver requests in Docket No. RM2011-1. Since the Commission has not yet acted on RM2011-1, and since this instant waiver request from the USPS closely relates to -- and in some cases revises -- its previous request, we assume that our previous comments still stand for PRC consideration.

We would like again to extend our request that the Commission convene a technical conference (including representatives from industry as well as the USPS) to discuss some of the issues concerning service performance measurement. Particularly, with the recent and ongoing organizational changes at USPS, introduction of a certification process mid-way through the first

quarter of FY 2012 that directly impact that quarter's reports, and various deadline extensions (i.e., POSTNET, Full-Service) we feel this is a good time to re-evaluate the status of service

performance measurement and plans going forward. It is our strong desire to work collaboratively with the Postal Service on this process. In addition, PostCom/DMA would like to submit comments specifically focused on aspects of the Postal Service's most recent waiver request.

Clarification on Usps' Waiver Requests. The Postal Service, itself, said that it “. . . 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 the proceeding appears to be nearing a decision, however, the undersigned counsel felt that the appropriate tack would be not to introduce additional complications in Docket No. RM2011-1 at this late juncture, but rather to submit a separate request conditioned on the outcome of the earlier proceeding.”

It is unclear to PostCom/DMA exactly which elements from the USPS' previous temporary waiver request (RM2011-1) for categories such as Standard Mail, Periodicals, and Package Services continue to stand as opposed to those which the RM2011-7 request replaces. It also is unclear, since the Commission has yet to rule in Docket No. RM2011-1, which elements would stand once a decision was made.

Don't Let the Perfect Be the Enemy of the Good. In this evolutionary process of service performance measurement, we are concerned that the Postal Service continues to head down a path

of “letting the perfect be the enemy of the good.” PostCom/DMA and others repeatedly have supported the concept that development of service performance measurement systems and reporting is an evolutionary process. We disagree, however, that the process should evolve in the dark in terms of USPS reporting.

The USPS has not published any service performance data for Standard Mail or Bound Printed Matter flats (and limited data for FCM presort) for Q1 FY 2011 ostensibly because of “certification issues.” It would appear the Postal Service is choosing not to report *any* data on service performance, rather than report using data already available subject to whatever caveats the USPS may choose to note. This is not a direction we support.

PostCom/DMA strongly support the publishing of any and all available service performance data in as much detail as possible. Explanations can and should be included in those reports where the Postal Service feels there are data limitations or concerns. Our members continue to find value in service reporting even when data may be flawed or limited as long as those issues are noted. To the extent that the published reports show strong service performance for some categories, this information is of significant value in growing use of the mail and promoting mail's market value.

USPS Certification Process . The Postal Service has noted that it has established “a new certification process for all commercial mailers,” and has said that “only pieces tendered by mailers certified as compliant and accurate are included in service performance measurement.” We have significant issues with this certification process, including but not limited to:

- **The Postal Service's Certification Process is Deficient.** The process was developed without mailer feedback and there has been little to no communication from the USPS on exactly what requirements need to be met to become “certified” and what that process entails so that mailers can self-audit their own systems and work toward compliance as soon as possible.
- **Certification Should Not be at the Mailer Level.** The USPS’ new certification process is an all or nothing approval at the “mailer” level and perhaps even the mailer location level (this is unclear from discussions with the USPS). The business rules submitted by the USPS in June 2008 for service performance measurement data exclusion were based on excluding individual mailpiece data points, not on excluding entire mailings or even all mailings from a particular mailer because of what could be a minor number of perceived or real data deficiencies. As stated below, the certification process now being used by the USPS to rule data exclusion in service performance measurement differs significantly from the business rules submitted by the USPS and approved by the Commission.
- **Focus on Data Inclusion is Needed.** The process is focused on excluding data from service performance measurement rather than including as much data as possible. For instance, if 5% of a mailing’s IMb data is deemed by the USPS to be in question, then 100% of the data is excluded from the measurement system. The USPS should be taking an approach that is designed to include as much data as possible – the 95% of that data which was accurate should be included in service performance measurement rather than throwing out the majority of the data because a small percentage is in question.

- **USPS Systems/Processes Need Improvement.** The USPS is focusing on a process which holds mailers to a rigid set of requirements for IMb data and electronic documentation, yet it has made little progress toward resolving its own system and process deficiencies which contribute to data being excluded from service performance measurement.

Waiver for Presort First-Class Mail, Standard Mail, Bound Printed Matter Flats. In its RM2011-7 filing, the USPS requests a temporary waiver for all Standard Mail and Bound Printed Matter flats “until such time as significant data exist in measurement systems,” and also a temporary waiver to the extent that reportable data are unavailable for Presort First-Class Mail. The time line for the latter request is unclear to us and should be clarified. The USPS seems to imply in its request that it would provide the Commission with a status or update of its request “in the event that data availability setbacks continue to affect quarterly reporting in Quarter 2,” but it is not clear if this statement applies only for FCM Presort reporting and the exact nature/duration of that waiver request.

For Standard Mail and BPM Flats, the USPS 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.”

The USPS goes on to further describe other factors that could impact whether it would report service performance for particular data points.

PostCom/DMA have serious concerns with this request. First, the USPS does not describe how it will determine when a category has reached “+/- 4 percent precision at a 95-percent confidence level,” nor does it define what “sufficient data” means in the second bullet point.

In addition, not reporting service performance at all for Standard Mail or BPM Flats categories is an example of letting the perfect be the enemy of the good, as described above in our comments. The USPS is proposing that it forego *any* Standard Mail service performance reporting until it feels data nirvana has been reached. We do not support that approach, instead recommending that the USPS continue to report Standard Mail performance at minimum broken out by Destination Entry and End-to-End categories as it has in the past. If there are data questions or limitations, the USPS should explain those issues in the reports as it has done in the past – not do away with reporting service performance entirely for the Standard Mail category.

Business Rules and Data Exclusion Rules. As expressed in our comments to RM2011-1, PostCom and DMA reiterate our serious concerns around the USPS making changes to the business rules upon which service performance measurement is based as well as the rules that govern service

performance measurement data inclusion/exclusion. At a recent PostCom meeting, for instance, a senior postal official said that the USPS has recently realized that it should not be using Sunday as a start-the-clock day for service performance measurement because of network access limitations that day. It was implied that the USPS plans to change the business rules to eliminate start-the-clock occurring on Sunday.

PostCom/DMA would like to reiterate our position as submitted in RM2011-1 that changes to business rules for service performance measurement (e.g., start-the-clock and data exclusion) may constitute changes to measurement systems as described in Section 3055.5 of the PRC's Order No. 465 establishing the final rules concerning periodic reporting of service performance measurements and customer satisfaction. Our stated position, which we reiterate here, is that at minimum, the Postal Service should present proposed changes in business rules in advance to the mailing industry and its regulators for consideration and comment. We also ask the Postal Service to publish what it considers to be the current business rules underlying service performance measurement.

The USPS in its RM2011-1 reply comments filed at the PRC on December 6, 2010, responded to PostCom/DMA's concerns by asking the Commission to treat its temporary waiver request as the required notice for such changes. The USPS said that its submissions in the proceeding "more than fulfill the 30-day requirement and the descriptive elements for such a notice," and said that the proceeding "has given the Commission and interested parties ample opportunity to consider any 'impact on the accuracy, reliability, or utility of the reported measurement [or] on the characteristics of the underlying product[s],' as shown by the Chairman's Information Request and the various comments on the merits of the changes."

PostCom/DMA wish to note that the USPS' waiver request and these proceedings to date have not given interested parties opportunity to consider such changes or fulfilled the descriptive elements for such notice because the USPS has yet to publish updated business rules for consideration by the Commission or interested parties.

CONCLUSION

We continue to appreciate the Commission's attention to the evolutionary process of service performance measurement systems and periodic reporting. We hope that our comments provide both the Commission and the Postal Service with useful information on the needs and expectations of our members with respect to service performance measurement and reporting.

Respectfully submitted,

Gene Del Polito
President
Association for Postal Commerce
1421 Prince St Ste 410
Alexandria VA 22314-2806
Phone: 703-524-0096
Fax: 703-997-2414
genedp@postcom.org

President, Association for Postal Commerce

Jerry Cerasale
Senior Vice President
Direct Marketing Association
1615 L St., NW, Suite 1100
Washington, DC 20036
Phone: (202) 861-2424
Fax: (202) 955-0085
jcerasale@the-dma.org

Senior Vice President, The Direct Marketing Association

February 15, 2011