

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

Modification of Analytical Principles in
Periodic Reporting (Proposals Three
through Nineteen)

Docket No. RM2009-10

STATUS REPORT OF THE UNITED STATES POSTAL SERVICE
REGARDING VALIDATION OF PROPOSAL FIFTEEN
(May 18, 2011)

In Order No. 599 (November 30, 2010), the Commission granted a delay in implementing the use of Point-of-Service (POS) data in RPW reporting until an audit of the POS process which would feed the RPW report was completed. With this filing, the Postal Service meets its obligation to report back to the Commission by July 1, 2011.

Background

Proposal Fifteen (of the proposals submitted in the FY2009 ACR cycle), submitted on July 28, 2009, was the original filing by the Postal Service to use data obtained directly from POS, in lieu of estimates from ODIS-RPW sampling, for measurement of mailpieces paid by application of a Postal Validation Imprint (PVI) label at a retail counter using the POS ONE system. Order No. 339 (November 13, 2009) approved Proposal Fifteen. Subsequently, on November 18, 2010, the Postal Service asked to delay its implementation, so the Postal Service could study unexpectedly large differences in revenues, pieces and weight estimates generated by the two methods. With respect to Priority Mail, for example, the POS volume for FY2010 differed from the ODIS-RPW estimates by approximately 20 percent.

In its November 18, 2010 request to delay implementation of the new methodology advanced in Proposal Fifteen, the Postal Service noted that it originally expected the POS transaction based data to be approximately the same as the ODIS-RPW sample estimates. This would make the conversions relatively “neutral” in impact for revenue, pieces and weight reporting. Because the impact instead looked to be significant, the Postal Service proposed to investigate further. Specifically, as noted by the Commission:

The Postal Service proposes to audit the process by which POS information is translated into data that feeds directly into the RPW report, using Lean Six Sigma techniques. It proposes to finish this process and to validate the methodology underlying Proposal Fifteen by July 1, 2011.

Order No. 599 (November 30, 2010) at 2.

Results and Conclusions of LSS

The Postal Service established a Lean Six Sigma (LSS) team with the goal of validating the proposition that the product-level data which originate at the POS terminals are sufficiently complete and accurate for use in official reporting. The objectives were: to determine if the data regarding mailpieces entered into POS properly flow through to the Retail Data Mart (RDM) reports used in RPW reporting; to determine the proportion of errors in the product level information; and to identify any potential process improvements that might be needed to reduce errors. The scope of the project focused on Priority Mail transactions, which are manually input from POS terminals, through the Customer Data Acceptance System (CDAS), to the RDM product report generated for RPW.

The LSS team’s tracking of Priority Mail transactions showed that all are processed through POS ONE and are reported in the RDM, and are accurate for use in

RPW. The products and services accepted at the window correctly appear in the RDM reports to be used for RPW reporting. However, the RDM reports for these transactions must be modified to isolate postage-affixed transactions, as these must be excluded from RPW reporting.¹ Instead, the ODIS-RPW sampling generates estimates of postage-affixed transactions, including “partially” affixed mailpieces. In ODIS-RPW, these are referred to as multi-indicia mailpieces, and, in the instances of relevance here, one of the indicia is a PVI label generated at a POS ONE terminal.² Postage-affixed POS transactions cannot be used directly for RPW reporting since the POS ONE systems (and window clerk workflow procedures) do not record “fully” affixed postage revenue. The full amount of affixed postage is a required data element, and using the POS-purchased amount would only provide a subset of the total postage applied.

The final finding of the LSS project was that RDM report enhancements and filters can be readily implemented in time for FY2011 reporting. The conclusions of the LSS work were that there is a high level of confidence in the reporting of the POS data, that the RPW group can use non-postage-affixed POS transactional data for official reporting, and that new reports and filters will be created to isolate postage-affixed POS transactions. (For such postage-affixed POS transactions, ODIS-RPW sampling will continue to estimate volume and revenue.) The Postal Service plans to make the necessary changes to the RDM reports and then incorporate the data in RPW reporting.

¹ Postage-affixed transactions are mail accepted at the POS ONE window with previously applied stamps or other applied postage such as PC Postage. “Fully” affixed means that the window clerk accepts mail requiring no additional postage. “Partially” affixed means that the window clerk collects additional revenue for extra services or to make up for insufficient affixed postage. These transactions are excluded because this volume is “picked up” through sampling.

² The ODIS-RPW data collectors collect up to four indicia which appear on each sampled mailpiece.

Since the intention is to use the POS-generated data for FY2011, at the end of the year, quarters initially reported using the old methodology will be recast to reflect the POS-data source.

In summary, the Postal Service appreciates the opportunity afforded by the Commission to conduct further investigation of this methodological change. As noted in its request for delay, the Postal Service's intent was to validate the new methodology. That validation is now complete, and the Postal Service fully expects to implement this change, which will be reflected in the FY2011 reports.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product Support

Eric P. Koetting

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
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