

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

TEMPORARY WAIVERS FROM PERIODIC REPORTING OF SERVICE PERFORMANCE MEASUREMENT	Docket No. RM2011-1
SEMI-PERMANENT EXCEPTIONS FROM PERIODIC REPORTING OF SERVICE PERFORMANCE MEASUREMENT	Docket No. RM2011-4
TEMPORARY WAIVERS FROM PERIODIC REPORTING OF SERVICE PERFORMANCE MEASUREMENT	Docket No. RM2011-7

UNITED STATES POSTAL SERVICE IMPLEMENTATION PLAN FOR PERIODIC REPORTING OF SERVICE PERFORMANCE MEASUREMENT FOR STANDARD MAIL AND NON-RETAIL PACKAGE SERVICES
(August 1, 2011)

Pursuant to Postal Regulatory Commission (“Commission”) Order No. 745, the United States Postal Service submits its implementation plan for periodic reporting of service performance measurement for Standard Mail and non-retail Package Services.

Background

On June 16, 2011, the Commission issued Order No. 745, addressing three separately docketed Postal Service requests for temporary waivers, semi-permanent exceptions, and/or alternative forms of relief from the periodic reporting of service performance measurements.¹ In Docket No. RM2011-1, the Postal Service sought temporary waivers for 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

¹ Docket No. RM2011-1, RM2011-4, and RM2011-7, Order No. 745, Order Concerning Temporary Waivers and Semi-Permanent Exceptions from Periodic Reporting of Service Performance Measurement, June 16, 2011.

Services.² Docket No. RM2011-4 entailed a request by the Postal Service for a semi-permanent exception for, or alternative relief from, quarterly reporting of First-Class Mail Flats at the District level.³ Subsequently, the Postal Service filed a conditional notice of withdrawal concerning the temporary waiver request for District level reporting of First-Class Mail Flats previously filed in Docket No. RM2011-1.⁴ In Docket No. RM2011-7, the Postal Service requested temporary waivers for Standard Mail, Bound Printed Matter Flats, and certain Area and District level data for presort First-Class Mail and End-to-End Periodicals.⁵

The Commission denied the Postal Service's requests in each of the three dockets above with the exception of the temporary waiver requests for presort First-Class Mail letters, cards, and flats and for Stamp Fulfillment Services. The Commission set deadlines for the Postal Service to begin reporting all available data (along with statistical validity calculations) and/or to file implementation plans with timelines for the product and product components for which it both granted and denied Postal Service requests. The following is the Postal Service's plan concerning the implementation of a measurement system capable of reporting service performance for individual Standard Mail products, excluding Standard Mail parcels, and how it will account for the period prior to the first en-route scan for non-retail Package Services and Standard Mail parcels.

² Docket No. RM2011-1, United States Postal Service Request for Temporary Waivers from Periodic Reporting of Service Performance Measurement, October 1, 2010.

³ Docket No. RM2011-4, United States Postal Service Request for Semi-Permanent Exception from Periodic Reporting of Service Performance Measurement or, in the Alternative, Petition for Rulemaking Concerning 39 C.F.R. § 3055.45(a), November 23, 2010

⁴ Docket No. RM2011-1, United States Postal Service Notice of Provisional Partial Withdrawal of Request for Temporary Waiver, November 24, 2010.

⁵ Docket No. RM2011-7, United States Postal Service Request for Temporary Waivers from Periodic Reporting of Service Performance Measurement, February 3, 2011.

Standard Mail (Except Parcels)

The Commission's rules require the Postal Service to report, each quarter, on-time performance and service variance for each Standard Mail product, disaggregated by Destination Entry and End-to-End categories and service standard groups, at the district, area, and national level. 39 C.F.R. § 3055.50. Annual reports must include national product-level reporting. 39 C.F.R. § 3055.21. The following products are included within Standard Mail for purposes of the directives in Order No. 745 related to service performance measurement reporting on Standard Mail: High Density and Saturation Letters, High Density and Saturation Flats/Parcels, Carrier Route, Letters, and Flats. Standard Mail Non-Flat Machinables (NFM)/Parcels are excluded and will be addressed in the Non-retail Package Services/Standard Mail Parcels section below.

The Postal Service requested a temporary waiver from reporting on all Standard Mail products at the product level (or below) because, for mailers using Postal Wizard or the Intelligent Mail Range Record (IMR) documentation method, current electronic documentation requirements do not allow Postal Service systems to distinguish each mailpiece's product category.⁶ It also requested a temporary waiver for service performance reporting for all Standard Mail until such time as significant data exist in Full-Service Intelligent Mail barcode (IMb)-based measurement systems to enable measurement and reporting of reliable data.⁷

The Commission denied both temporary waiver requests. The Commission stated that the Postal Service had not "presented a plan reasonably calculated to

⁶ See Docket No. RM2011-1, United States Postal Service Request for Temporary Waivers from Periodic Reporting of Service Performance Measurement, October 1, 2010, at 6-7.

⁷ See Docket No. RM2011-7 United States Postal Service Request for Temporary Waivers from Periodic Reporting of Service Performance Measurement, February 3, 2011, at 3.

achieve compliance with Standard Mail by the filing of the 2011 Annual Compliance Report or any other fixed date in the foreseeable future” and that the service measurement data the Postal Service indicated it could provide “falls short of what is required by the PAEA and Commission’s rules” in terms of “implementation plans including dates and milestones.”⁸ The Commission directed the Postal Service to advise whether it would continue with an IMb-based approach and, if so, to provide a plan with “sufficient detail to generate confidence that the Postal Service will be able to implement measurement systems by a fixed date in the near future” by August 1, 2011.⁹ If the Postal Service decided to abandon the IMb-based approach, the Commission required the Postal Service to present a plan for implementing an external measurement system for each Standard Mail product also by August 1, 2011.¹⁰

The Postal Service intends to continue to use the IMb-based measurement system. Beginning with Quarter 4 of FY2011, the Postal Service will report all available data based on piece-level documentation methods, for on-time performance and service variance for each Standard Mail product, disaggregated by Destination Entry and End-to-End categories and by service standard groups, at the district, area, and national level, as specified in Table 3 Section B of PRC Order No. 465. It is estimated that approximately 35 percent of measurable Full-Service Intelligent Mail Standard Letters currently have the product data available, and 15 percent of Standard Flats have the product data available. In the interest of providing service performance results for the full population of measurable Standard Mail, the Postal Service also intends to report

⁸ See Docket Nos. RM2011-1, RM2011-4, and RM2011-7, Order Concerning Temporary Waivers and Semi-Permanent Exceptions from Periodic Reporting of Service Performance Measurement, June 16, 2011, at 31.

⁹ Id.

¹⁰ Id.

service performance for Standard Mail that cannot currently be categorized by product due to the documentation method used by the mailer, but such reporting necessarily requires a slightly greater level of aggregation than the purely product based template established in Order No. 465. Thus, the Postal Service proposes to report Standard Mail performance according to the following categories: High Density/Saturation Letters; High Density/Saturation Flats and Parcels; Carrier Route; Letters; Flats; Mixed Product – Letters; and Mixed Product – Flats. The latter two categories would be the repository for Standard Mail performance data that cannot be attributed to an appropriate product category.

Beginning in November 2011, a simpler piece-level electronic documentation method developed with the industry will be made available for customer use. As customers adopt that documentation method, the Postal Service expects that a larger percentage of measurable Standard Mail will be placed into exact product categories within the reports, and less will fall in the mixed categories. The quarterly and annual reports will reflect how much volume is included within the product-specific service measurement categories versus the mixed categories, in addition to the service performance and service variance results.

Non-Retail Package Services & Standard Mail Parcels

Under 39 C.F.R. 3055.60, the Postal Service is required to submit quarterly reports on service measurement for Package Services products in the following categories: Single-Piece Parcel Post, Inbound Surface Post (at UPU rates), Bound Printed Matter Flats, Bound Printed Matter Parcels, and Media Mail/Library Mail. The Postal Service sought a temporary waiver from service performance reporting for non-

retail Package Services and Standard Mail Parcels based on the current unavailability of a reliable start-the-clock method.¹¹ Accordingly, the Postal Service proposed using the first en-route scan on mail processing equipment as the start-the-clock event and continuing the delivery or attempted delivery scan as the stop-the-clock event.

Based on comments from commercial First-Class Mail, Standard Mail, and Package Services users and the Public Representative, the Commission concluded that the Postal Service's proposal would fail to account for a significant period of time that mail is within the Postal Service's possession and would not lead to representative service performance measurements. The Commission advised that, if the Postal Service chose to proceed with its proposal, it could continue to report data as they become available using a first en-route scan through the FY 2011 Quarter 4 report, but it must present a plan to the Commission detailing how it intends to account for the period prior to the first en-route scan, including an implementation schedule with a specified end date, by August 1, 2011. The Commission also ordered the Postal Service to begin reporting all available data with statistical calculations beginning with the FY 2011 Quarter 4 report.

As ordered, the Postal Service will begin reporting performance for commercial Package Services parcels using the first en-route scan as the start-the-clock effective with the Quarter 4 FY 2011 reporting cycle. Using the first en-route scan, the expected delivery date will be computed based on the service standard and mail class for each piece receiving the event. In addition, the Arrival-At-Unit scan will be used as the start-the-clock event for parcels entered at the Destination Delivery Units (DDU). The stop-

¹¹ See Docket No. RM2011-1, United States Postal Service Request for Temporary Waivers from Periodic Reporting of Service Performance Measurement, October 1, 2010, at 4-6, 7-10, and 12-13.

the-clock event will remain the scan event captured on the date when delivery occurs (or is first attempted). This is currently the approach the Postal Service uses to measure commercial competitive products such as Priority Mail, First-Class Mail (now First-Class Package Services), and Parcel Select. The Postal Service will use the retail acceptance event as the start-the-clock event for any Package Services (Media Mail, Library Mail, etc.) parcels that are paid through a PC Postage vendor and tendered at a Postal Service-operated location. Programming changes have not been made to use the first en-route scan as a start-the-clock event for Standard Mail, and so reporting for these parcels will not be available for the Quarter 4, FY 2011 report. The Postal Service is in the process of scheduling changes to accommodate Standard Mail, and expects the programming to be completed in Quarter 1, FY 2012 to allow partial period reporting for that reporting cycle.

The Postal Service intends to address concerns about the time between the receipt of parcels and first en-route scan in two ways. First, working collaboratively with MTAC Workgroup #142, which was convened to establish start-the-clock methods for market dominant parcels, the Postal Service plans to use scans on container placards encoded with unique Intelligent Mail Container Barcodes (IMcb) as the start-the-clock event. The clock will start when the IMcb placards are scanned during unloading of commercial parcels when shipments are tendered to the Postal Service. When customers nest or otherwise link piece-level data within the IMcb placard, such scans will be used instead of the Arrival-At-Unit scan event as the start-the-clock event for parcels entered at the DDU. Using this start-the-clock date and time, the expected

delivery date will be computed based on the service standard and mail class for each piece receiving the event.

Performing container scans is an established process at Surface Visibility sites. However, this scan process will be modified for non-Surface Visibility locations and migrated to all facilities accepting customer shipments. By the end of Quarter 4, FY 2012, the Postal Service plans to establish processes, train employees, and deploy scanning equipment and upgrades to support starting the measurement clock using container placard scans at all locations. This approach effectively moves the start-the-clock event upstream to the receipt of the container when shipments are tendered to the Postal Service. Furthermore, this approach requires mailers to:

- 1) adopt the new Intelligent Mail Package Barcode version 1.6 Shipping Service Electronic Manifest file format for packages;
- 2) use unique Intelligent Mail Container Barcodes (IMcb); and
- 3) provide electronic information in the file specifying the IMcb for the respective container for each parcel.

For customers whose business models do not support this approach, the Postal Service will continue to use the first en-route scan or Arrival-At-Unit scan as the start-the-clock event. However, the Postal Service will develop and apply an adjustment factor to account for the time between shipment receipt and the first en-route or Arrival-At-Unit scan event. The average time between the container placard scan at receipt and the first en-route scan or arrival at unit scan will be used to determine the adjustment factor applied. There will be an adjustment factor for each mail class,

facility, and entry type. Beginning Quarter 4, FY 2012, the Postal Service will begin capturing statistics and analyzing the time difference between the IMcb container placard scan and corresponding en-route or Arrival-at-Unit scan. This will provide time for customers to make the necessary changes to nest pieces to a container and transmit that information to USPS electronically. Once baseline data have been established, the Postal Service will begin to apply the adjustment factor in Quarter 1, FY 2013 to those pieces that do not receive a start-the-clock event from IMcb placard scans. When the Postal Service has sufficient volume generated from nested container scans, the first en-route scan and Arrival-at-Unit scan measurements will be eliminated.

Conclusion

Accordingly, the Postal Service respectfully submits its implementation plan for periodic reporting of service performance measurement for Standard Mail and non-retail Package Services pursuant to Commission Order No. 745.

Respectfully submitted,

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