

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Stamp Fulfillment Services
Service Performance Measurement

Docket No. RM2011-14

PUBLIC REPRESENTATIVE'S COMMENTS
IN RESPONSE TO ORDER NO. 837

(September 28, 2011)

The Public Representative hereby provides comments pursuant to Commission Order No. 837.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a notice proposed rulemaking to establish reporting requirements for the service performance measurement of Stamp Fulfillment Services (SFS). The Commission's proposed reporting rules rely upon information provided in a letter from the Postal Service describing its proposed service performance measurement system for SFS.²

According to the Commission, the Postal Service proposes to measure the time from SFS order entry to the time a SFS order is completed for shipment, *i.e.*, manifest

¹ PRC Order No. 837, Notice of Proposed Rulemaking on Periodic Reporting of Service Performance Measurements for Stamp Fulfillment Services (herein "Order No. 837"), September 1, 2011.

² *Id.*, at 2, fn. 3, citing letter dated July 29, 2011, from Kevin A. Calamoneri, Managing Counsel Corporate & Postal Business Law, United States Postal Service to Shoshana M. Grove, Secretary, Postal Regulatory Commission (herein "Postal Service Letter"); see *also* letter dated August 25, 2011, from Shoshana M. Grove, Secretary, Postal Regulatory Commission to Kevin A. Calamoneri, Managing Counsel Corporate & Postal Business Law, United States Postal Service (herein "Commission Letter"). *Id.*, at 3, fn. 4.

for entry into the mailstream. *Id.*, at 2. The Postal Service proposes to report to the Commission the SFS on-time service performance, or the percentage of time that SFS orders meet or exceed the applicable service standards. *Id.*, at 4. To date, however, the Postal Service has yet to formally propose service standards for SFS.

Nevertheless, the Postal Service Letter informs the Commission of the substance of its proposed SFS service standards. *Id.* Those service standards would be based upon the method of SFS order entry.

- Internet Orders: Non-Philatelic/Non-Custom:
Less than or equal to 2 business days
- Business Level Orders:
Less than or equal to 5 business days
- Philatelic/Custom and all Other Order Sources:
Less than or equal to 10 business days

For each of the proposed service standards, the Postal Service proposes a service goal or target for fulfillment of SFS orders of 90 percent. *Id.* The Postal Service also proposes to report the service variance for SFS, representing the percentage of orders fulfilled within the applicable service standard, plus the percentage that are fulfilled 1, 2, or 3 days late. *Id.*

In its proposed service performance reporting rules, the Commission requires that the Postal Service report (1) SFS on-time service performance (as a percentage rounded to one decimal place); and 2) SFS service variance (as a percentage rounded to one decimal place) for orders fulfilled within +1 day, +2 days, and +3 days of their applicable service standard. Both items are to be disaggregated by the customer order entry method and reported to the Commission on a quarterly and annual basis.

COMMENTS

The Public Representative does not object to the Commission's proposed service performance reporting rules for SFS. Requiring the quarterly and annual reporting of on-time service performance and service variance for SFS would be consistent with the service performance reporting required of many other market-dominant products.

More problematic, however, is whether the resulting data generated by the proposed reporting rules will be meaningful. As noted above, the Postal Service has yet to propose any service standards for SFS. While SFS service standards are not the subject of this rulemaking proceeding, the possibility exists that the Postal Service will report service performance results showing SFS on-time service performance that far exceeds the 90 percent target for each of the service standards—assuming the described service standards are adopted by the Postal Service. In the case of Philatelic/Custom and all Other Order Sources, on-time service performance reporting at 90 percent means the fulfillment of an SFS order could take more than two weeks.

The Public Representative submits that one purpose of service performance reporting is to make public service performance results that ultimately prompt further improvements in service by the Postal Service. For SFS, service performance reporting will provide results based upon what appears to be overly generous service standards. For example, if Philatelic/Custom and all Other Order Sources are actually fulfilled within 8 business days, a service standard of ≤ 10 days would virtually guarantee that reported "on-time" service performance results exceed the service performance target of 90 percent. At this time, the Commission does not possess, nor has the Postal Service

provided, data to determine whether 2, 5 or 10 business days represents a point on the distribution of fulfilled SFS orders that is far in excess of the number of business days actual used to fulfill such orders. Nor would such service performance results suggest the need to improve the fulfillment of SFS orders.

For these reasons, the Public Representative suggests that for the first three years after implementation of SFS service performance reporting, the Commission should require the Postal Service to provide, in addition to reporting the percentage of on-time performance, the percentage of SFS orders fulfilled for each business day of the 2, 5, and 10 business day service standards. This would permit the Commission to establish a baseline in order to determine whether the reported results are meaningful given the service standards, or whether the Postal Service has established service standards that ensure reported results always exceed the target. Moreover, the Commission should require that the Postal Service define and describe the service standards for Internet Orders: Non-Philatelic/Non-Custom, Business Level Orders, and Philatelic/Custom and all Other Order Sources so it is clear what is being measured.

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

Respectfully submitted,

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