

Offshore Special Study Results Conducted in Response to Order 465, Rule 3055.7

The Postal Regulatory Commission (PRC) included requirements for a special study in Order 292 and Order 465 as part of Rule 3055.7. The special study is required to evaluate final delivery service performance to the remote locations of Alaska, Honolulu and Caribbean Districts as compared to the service performance to the Gateway cities of Anchorage, Honolulu and San Juan. Because transit-time measurement already includes Single-Piece and Presort First-Class Mail, Standard Mail, Periodicals and Package Services to and from all ZIP Codes in these areas, the PRC acknowledged that additional testing may only be needed in areas with insufficient mail volumes. The USPS is expected to provide service performance data for each class of mail that distinguishes results between the Gateway and the outer regions of that same district.

This document is broken down into the following sections:

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I. Background

Alaska, Caribbean and Honolulu are the three USPS districts which are located outside of the continental United States. Each of these districts has a large portion of their region located far away from the main mail processing facilities. Likewise, each district has portions of the region located on other islands and across rough terrain that is often less populated than the average continental district. Therefore, there is a concern that the rural parts of these offshore districts may not receive the same delivery service as the Gateway cities mentioned above.

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II. Measurement Approach

Approach for Comparing the Gateway Cities to the Rural Areas

In order to compare delivery service between the Gateway and less populous/more remote parts of Alaska, Caribbean and Honolulu, results are reported at the 3-Digit ZIP Code level. Service performance results are based on FY2013 mail destinating to these 3-Digit ZIP Code Areas. This approach allows us to distinguish the Gateway from the more rural regions, while still allowing insight into the various geographic parts of each district. The only exceptions are:

- 3-Digit ZIP Code Area 995** contains both Anchorage city (Gateway) and more rural parts of Alaska. For some products there are different service standards for mail to Anchorage than to other portions of 3-Digit ZIP Code Area 995. For the purposes of this offshore study, 3-Digit ZIP Code Area 995 will be divided into two parts and measured separately.
- 3-Digit ZIP Code Area 967** contains the Hawaiian Islands excluding the city of Honolulu as well as the territory of American Samoa, which is 2,600 miles from Honolulu. In July 2012, the USPS altered the service standards to American Samoa, so we have broken out the performance results between 96701-96798 which represents the Hawaiian Islands and 96799 which is American Samoa. Prior to FY2013, TTMS did not actively recruit panelists to either drop or receive mail in American Samoa. It should be noted that American Samoa only has two flights per week from the U.S., which makes on-time delivery for non-local mail extremely challenging in many cases.

Throughout the remainder of this document, we may refer to a 3-Digit ZIP Code Area by the numbers only. For example, we may refer to a 3-Digit ZIP Code Area as 999 in this document for simplicity sake. The following tables provide a list of each district's 3-Digit ZIP Code Areas and a brief description of the region.

Alaska		Caribbean		Honolulu	
3-Digit ZIP Code	Description or Area Towns	3-Digit ZIP Code	Description or Area Towns	3-Digit ZIP Code	Description or Area Towns
995 Gateway	Anchorage (99500-99539, 99592-99599)	009 Gateway	San Juan	968 Gateway	Honolulu City
995 Rural	99540-99591 South Central AK; Not Anchorage	006	Western Puerto Rico	96700-96798	Hawaiian Islands
996	Homer, South Central AK	007	Southeastern PR and Ponce	96799	American Samoa
997	Fairbanks and Northern AK	008	U. S. Virgin Islands	969	Guam
998	Juneau and Sitka Region				
999	Ketchikan Region				

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This is a list of the destinating processing facilities and their ZIP Codes for the three offshore districts:

- **Alaska has six different primary postal facilities:**
 - **Anchorage, AK Processing & Distribution Center (P&DC) in 99530** serves as the Sectional Center Facility (SCF) for Incoming Secondary Letters and Flats as well as Destination Entry Mail, and the Automated Area Distribution Center (AADC/ADC) for 995, 996 and 997.
 - Fairbanks AK Post Office in 99709 serves as the DSCF for Destination Entry mail to 997.
 - **Juneau, AK Post Office in 99801** serves as the SCF for Incoming Secondary Letters for 3-Digit ZIP Codes 998 and 999. It also serves as the DSCF for Destination Entry Mail to 998.
 - Ketchikan AK Post Office in 99901 serves as the DSCF for Destination Entry mail to 999.
 - **Seattle, WA P&DC in 98168** serves as the SCF for Incoming Secondary Flats and the AADC/ADC for 998 and 999.
 - **Seattle, WA Network Distribution Center (NDC) in 98003** serves all of 3-Digit ZIP Codes in Alaska.
- **Caribbean has two postal facilities for all postal processing:**
 - **San Juan, PR P&DC in 00936** serves as the SCF for Incoming Secondary Letters and Flats as well as the AADC/ADC for 006, 007, 008 and 009.
 - **Jacksonville FL NDC in 32009** serves as the NDC for all Caribbean ZIP Codes.
- **Honolulu has three primary postal facilities to process their destinating mail:**
 - **Honolulu, HI P&DC in 96820** serves as the SCF for Incoming Secondary Letters and Flats for 967 and 968, and as the AADC/ADC for 967, 968 and 969.
 - **Barrigada, GU Post Office in 96913** serves as the SCF for Incoming Secondary Letters and Flats for 969.
 - **San Francisco CA NDC in 94850** serves as the NDC for all Honolulu ZIP Codes.

Performance results for the 3-Digit ZIP Code Areas are unweighted for all mail classes. Likewise the scores measure the performance of mail *destinating* to the 3-Digit ZIP Code Area.

Background on Non-Contiguous Service Standards

Modern service standards for Market Dominant products were established through regulation in December of 2007 in response to the Postal Accountability and Enhancement Act's requirement in section 3691 – “Not later than 12 months after the date of enactment of this section, the Postal Service shall, in consultation with the Postal Regulatory Commission, by regulation establish (and may from time to time thereafter by regulation revise) a set of service standards for market-dominant products.”

As part of this initiative, discussions were held throughout the organization, with external stakeholders and mailers, as well as consultation with the PRC to develop these service standards. Part of those service standards are the rules that currently exist for non-contiguous U.S. destinations. As part of the regulation, the

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Postal Service pointed out the issues that exist based on logistical challenges to these destinations and enumerated the following within the rules printed within the Federal Register:

“The service standard origin or destination for mail to or from the states of Alaska and Hawaii and Guam, Puerto Rico, and the U.S. Virgin Islands, is defined to/from the 3-digit ZIP Code area in which the interstate/interterritorial gateway mail processing facility is located: Anchorage SCF (Alaska); San Juan SCF (Puerto Rico and USVI); and Honolulu SCF (Hawaii and Guam). This is necessary because transportation beyond these entry/exit points becomes increasingly challenging, increasing the variability in service performance achieved. For example, in the state of Alaska, transportation of First-Class Mail letters on a particular flight to a remote area may be deferred in favor of Package Services Mail containing groceries or medicine, where transportation space is insufficient to carry both products. The service standards for these states and territories also reflect local operating plans developed in response to different logistical challenges that affect each state or territory. For instance, factors in the state of Alaska that contribute to the need for longer, more realistic, service standard day ranges include: the reliance on infrequently scheduled cargo ships to and from ports in the contiguous 48 states, the absence of intrastate roads to many remote locations, the infrequency of available surface transportation, the extraordinary geographical reach of the 3-digit ZIP Code service areas in the state, and the necessary reliance on irregular air and hovercraft transportation in lieu of standard commercial trucking and air service between many locations. Extraterritorial mail for Guam is routed through Hawaii; extraterritorial mail for the U.S. Virgin Islands is routed through Puerto Rico. The time-in-transit and the limited availability of cargo ship capacity between the contiguous 48 states and Hawaii and Puerto Rico significantly affect end-to-end transit times for mail dependent on surface transportation, as does the availability of interisland shipping within Hawaii.” (See: 39 CFR Parts 121 and 122 Modern Service Standards for Market-Dominant Products; Proposed Rule, printed in the Federal Register, Wednesday October 17, 1007, pp. 58952-58953).

In addition, when the Postal Service defined service standards for these locations, it assumed a perfect alignment of transportation throughout the system. As service measurement has advanced, and the Postal Service has begun utilizing this information for performance management, it has been made clear that a review of this assumption was required.

As part of its May 25, 2012 rule for Service Standards for Market-Dominant Products, the Postal Service made modifications to these non-contiguous destinations to more appropriately align with the dependency on transportation that does not run daily (e.g. certain boat and air-taxi services used by the Postal Service operate only on certain days of the week). This included making an exception for mail originating or destinating to American Samoa 96799. For example, for First-Class Mail, ZIP Code Area 967 was previously an overnight service standard to and from itself and a Three-Day service standard to or from the continental U.S. Effective July 1 2012, American Samoa 96799 now has a Two-Day service standard to and from itself and a Four-Day service standard to or from the U.S, or Hawaii. Similar exceptions were noted for the other Market Dominant Products to provide additional time for delivery to or from 96799. In addition, other modifications were made to some of the offshore service standards.

Level of Measurement for Each Mail Class

In Order 292, the PRC requested that the Postal Service provide a report, by class of mail, on delivery performance to remote areas of the Alaska, Caribbean and Honolulu Districts. The USPS will provide FY2013 annual results for each 3-Digit ZIP Code by mail class. In this report, when there is sufficient volume to provide

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delivery performance results down to a sub-class level, we have done so. The following is a list of the reporting levels that the USPS will provide to the PRC for the offshore special study:

- **Single-Piece First-Class (SPFC) Letters/Cards/Flats by Service Standard:** FY2013 results will be provided for Overnight, Two-Day and Three-to-Five-Day Performance. Additional measurement was conducted in FY2013 in conjunction with the EXFC program to have sufficient volume for each 3-Digit ZIP Code.
- **Presort First-Class Letters/Cards by Service Standard:** FY2013 results will be provided for Overnight, Two-Day and Three-to-Five-Day Performance. Because flats results are based on proxy data, offshore Presort First-Class results will be based on letters and cards only. Letters and cards make up nearly 99% of Presort First-Class Mail.
- **Standard Mail Letters and Flats by Entry Type and Shape:** FY2013 results will be provided for Destination Entry Letters, Destination Entry Flats, End-to-End Letters, and End-to-End Flats.
- **Periodicals:** Results will be provided for Periodicals for Destination Entry and End-to-End flats.
- **Package Services:** FY2013 results will be provided and will include retail Single-Piece Parcel Post through January 26th and Media Mail/Library Mail, and Bound Printed Matter Flats and Parcels. Single-Piece Parcel Post became competitive in January 2013.

Additional Measurement Conducted Due to Low Area Volume

Earlier in FY2013, we reviewed the volume of mail available for each 3-Digit ZIP Code Area based on the reporting levels listed above. In many cases, there was already sufficient data available based on estimating the volume expected in the remainder of the fiscal year. Our goal was for each 3-Digit ZIP Code Area to have a minimum of approximately 400 pieces for the fiscal year. Assuming an average on-time score of 80 percent, this volume would allow us to achieve a 95% confidence interval of +/- 4.0 percent.

The following circumstances are cases where there was insufficient data to provide results at the 3-Digit ZIP Code level:

- **Single-Piece First-Class** required additional mail volume for Overnight mail destinating to ZIP Code Area 969; Two-Day mail destinating to 999, 96799, 006 and 007; and Three-to-Five-Day mail destinating to ZIP Codes 99540-99591 and 999, 969 and 96799. Additional test pieces were created for measurement in FY13. The additional pieces were not used in the official FY13 Single-Piece First-Class Mail results as the change in volume could bias the district level scores; these additional pieces were included in the offshore study results only. To mitigate the risk of a confidentiality breach and due to the very limited number of delivery points, we limited the test mail volume sent to American Samoa, aiming for 100 Two-Day pieces and 300 Four-Day pieces, rather than 400 for each service standard.
- **Commercial Mail – No Volume Due to Lack of Local Mailer Entry:** Presort First-Class Mail (PFCM) volume was reviewed by service standard for each 3-Digit ZIP Code. Presort First-Class Mail has ample Three-to-Five-Day volume destinating to every ZIP Code Area in the offshore districts; however, Overnight and Two-Day had some gaps based on where mailers are located:
 - **Alaska District:** There was no Two-Day Mail destinating to any of the following ZIP Code Areas: 998, 999, and 995 Anchorage city. The 998 and 999 ZIP Code Areas have Two-Day service to and from themselves only, so the USPS would need to identify mailers in each of

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these 3-digit ZIP Codes in order to gain coverage. Likewise, Two-Day mail destinating to ZIP Code Area 995 Anchorage must come from either 995 Rural, 996 or 997.

- **Caribbean District:** There was no Presort First-Class Mail entered in any of the Caribbean 3-Digit ZIP Codes including 006, 007, 008 and 009. This resulted in no eligible Overnight or Two-Day PFCM for ZIP Code Areas 006, 007, 008 and 009.
- **Honolulu District:** There was no Overnight PFCM destinating to 3-Digit ZIP Code 969. This area is overnight only to itself, so a mailer would need to be located there.
- **Commercial Mail – Low Volume in First Leg:** The Postal Service's service performance measurement system uses documented arrival time at a designated postal facility to start the clock, and an Intelligent Mail® barcode (IMb™) scan by an external, third-party reporter to stop the clock. Mail piece tracking from IMb™ in-process scans is used in conjunction with the external data to extrapolate results for the entire volume of mail measured. To calculate results, commercial mail performance is measured in two separate legs. The first leg measures service from the start-the-clock date to the final processing scan in a plant. To determine the second leg or the last mile transit time for the district, we assess how often the anticipated delivery day matches the actual delivery day. Commercial Mail had ample offshore volume at the 3-digit ZIP Code Area level to measure the first leg. The only exception was for the 96799 American Samoa Package Services mail volume which had 255 pieces in FY13.
- **Other Commercial Mail Letters and Flats – Last Mile Volume:** There were several instances where additional last mile volume was needed for letters, flats or both. To increase the mail in low volume areas, we seeded in additional Presort First-Class letters and ordered Standard Mail and Periodicals in FY13. In addition, we leveraged Full Service mail for additional last mile data that was excluded from SPM for mailer entry issues if we had a valid last processing operation and receipt date. Despite those efforts, the following 3-Digit ZIP Code Areas had less than 400 pieces of last mile data for flats in FY13:
 - **Alaska ZIP Code Area 998** had 241 flats
 - **Alaska ZIP Code Area 999** had 53 flats
 - **Honolulu ZIP Code Area 969** had 64 flats
 - **Honolulu ZIP Code Area 96799** had 56 flats and 274 letters

To further enhance the volume in the last mile, we used last mile data from Single-Piece First-Class results by shape. While we considered using proxy data from the District, we decided not to because the service performance for these rural ZIP Code Areas was so different from the rest of the District's results. Instead, we will use the Commercial Mail last mile performance by shape based on the data available, rather than using a proxy that may not accurately represent the ZIP Code Area. It is important to note that there is ample mail volume in the first leg for the various Commercial Mail classes at a 3-Digit ZIP Code level; it is only the last mile factor that is affected.

Determining Which Score Differences Are Significant

PRC Order 292 required a special study to provide visibility into the performance results of the outer reaches of the Alaska, Honolulu and Caribbean Districts. Likewise, Order 465 articulated that the intent of obtaining special study results was to allow evaluation of the unique aspects of providing service to the less

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populous/more remote areas of these districts. For this evaluation, we will need a sound approach to determine whether or not score differences at the 3-Digit ZIP Code Level are significant. No two scores will likely be exactly the same, so we need to determine how different they must be from each other to conclude that the rural areas are receiving different levels of service.

We have used statistical hypothesis tests to distinguish between variation due to chance or sampling error versus significantly different results. For this study, we have completed two-sided hypothesis tests comparing a rural 3-Digit ZIP Code's performance to its Gateway. In the reported results, statistically significant differences are highlighted in **green** when performance to the rural ZIP Code was better than its Gateway and in **red** when performance to the rural ZIP Code was lower than its Gateway. The only exception is rural ZIP Code Areas that are highlighted in **yellow** because the score was considered significantly lower than the Gateway, but it still exceeded the FY13 target. Scores without statistical differences were not highlighted.

For the purposes of comparison, we also reviewed the Single-Piece First-Class FY2013 performance of fifteen rural 3-Digit ZIP Codes in the continental United States (CONUS) which were located 150 miles or more away from their respective destinating Sectional Center Facilities (SCF). The collective results of the CONUS Rural ZIP Codes were compared to the collective results of the fifteen CONUS Gateway Areas defined as the 3-Digit ZIP Codes where the SCF was located.

In each case, the difference was statistically significant, with CONUS Rural performance falling below the CONUS Gateway score.

- For Overnight, the CONUS Rural ZIP Code Areas performed an average of **2.3** percentage points lower than the CONUS SCF ZIP Code Areas.
- For Two-Day, the CONUS ZIP Code Areas performed **0.9** percentage points lower.
- For Three-to-Five-Day, CONUS Rural performance was **5.7** percentage points lower than the CONUS SCF ZIP Code Area Group.

These results indicate that ZIP Code Areas with or nearby to a destinating SCF may tend to perform better than ZIP Code Areas that are far away from the destinating plant, regardless of geography.

III. Service Performance Measurement Results

SINGLE-PIECE FIRST-CLASS (SPFC) LETTERS/CARDS/FLATS BY SERVICE STANDARD

The table below contains the SPFC results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2013. The Gateway row is highlighted in light blue for comparison sake. Any rural score that is significantly better than its Gateway is highlighted in green. Score that are significantly lower than the Gateway are highlighted in red, unless the score exceeds the FY13 target and it is colored yellow.

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FY13	Single-Piece First-Class Letters/Cards/Flats		
	Overnight	Two-Day	Three-to-Five-Day
Alaska	97.4	96.2	89.9
995 Gateway	97.4	99.4	87.6
995 Rural	NSS	97.8	95.0
996	NSS	98.0	94.5
997	NSS	93.4	93.4
998	NSS	90.3	82.8
999	NSS	95.4	85.0
Caribbean	94.5	98.8	83.4
009 Gateway	95.1	98.6	82.6
006	93.7	98.2	83.1
007	94.3	98.5	82.6
008	92.4	98.8	94.3
Honolulu	97.3	12.4	89.8
968 Gateway	97.2	12.4	86.5
96700-96798 Hawaiian Islands	97.4	NSS	95.6
96799 American Samoa	NSS	12.4	18.7
969	95.5	NSS	56.4

FY13 results are unweighted and based on destinating mail only; NSS = No Service Standard

The following analysis provides an overview of the service standards and performance results for each of the offshore districts. Although the SPFC results are not normally calculated at the 3-Digit ZIP Code level, the Offshore Special Study provided a unique opportunity to not only add volume where needed

SPFC - Alaska:

Service Standards

In the Alaska District, the Gateway of Anchorage city has an Overnight service standard to itself, a Two-Day service standard from the rest of ZIP Code Area 995 and 996; and a Three-Day service standard from the continental U.S., and 997, 998 and 999. The rural ZIP Code Areas have a Two-Day service standard to themselves including 995 outside Anchorage city. There is no Overnight service for the rural ZIP Code Areas. There is a Three-Day service standard from the rest of Alaska, and a Four-Day service standard from the continental U.S.

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Performance Analysis

When comparing the Two-Day Alaska results, we observe that the Gateway at 99.4% significantly outperforms all of the remaining ZIP Code Areas in Alaska. While all of the 3-Digit ZIP Codes had a score that was statistically significantly lower; scores of 95.1 percent or above meet the FY13 target for Two-Day First-Class Mail. Likewise, two of the five differences are within two points of the Gateway.

ZIP Code Area 998, which encompasses Juneau and Sitka, had the lowest score at 90.3%. ZIP Code Area 998 is made up of dozens of islands spread over an area that is 250 miles tall and 100 miles wide. ZIP Code Area 997 had the second lowest Two-Day score of 93.4%. It is the largest 3-Digit ZIP Code in the U.S in terms of square mileage. In addition, its AADC for First-Class Mail is in Anchorage which is located 360 miles away from Fairbanks, significantly farther from most small towns in Northern Alaska. With a roundtrip exceeding 700 miles, it may not be surprising that the on time rate for mail to ZIP Code Area 997 is lower than performance to the Gateway, especially since all of the Two-Day mail destined to 995 Anchorage is processed and delivered locally.

For the Three-to-Five Day Performance, the Gateway scored at 87.6% and only two ZIP Code Areas performed significantly worse – ZIP Code Areas 998 and 999 at 82.8% and 85.0% respectively. These two southeastern ZIP Code Areas are extremely isolated from the Gateway where most of the Three-Day mail originating from other AK ZIP Code Areas would be processed. Likewise, the AADC for 998 and 999 is located in Seattle and is more than 1,300 miles away from Juneau AK and more than 1,100 miles away from Ketchikan.

We broke out the Three-to-Five-Day mail destined to ZIP Code Areas 998 and 999 to see if there was a performance difference between the Three-Day mail that originated in Alaska and the Four-Day Mail that originates outside of Alaska.

ZIP Code Area	Single-Piece First-Class Mail FY13 – Letters/Card/Flats			
	Three-Day-Mail		Four-Day Mail	
	Total Pieces	Percent On Time	Total Pieces	Percent On Time
998	1,308	92.0	1321	73.7
999	369	91.9	349	77.9

From the table above, you can see that the SPFC Three-Day mail outperforms the Four-Day mail by 18 points in ZIP Code Area 998 and 14 points in 999. We recommend that the USPS continue to examine logistics and perhaps consider altering some service standards to ZIP Code Areas 998 and 999 considering the performance and the distance from the AADC.

In addition, the following 3-Digit ZIP Codes performed significantly better than the Gateway for Three-to-Five Day: 995 Rural, 996 and 997.

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SPFC - Caribbean:

Service Standards

The service standards in the Caribbean are as follows. The 3-Digit ZIP Code of 008 is Overnight to itself. There is also an Overnight standard between Puerto Rico ZIP Code Areas 006, 007 and 009. It is Two-Days from 008 to 006, 007, and 009, as well as from ZIP Code Area 006, 007 and 009 to 008. It is a Three-Day service standard from anywhere in the continental U.S. to ZIP Code Areas 006, 007 and 009 and it is Four Days to ZIP Code Area 008.

Performance Analysis

When comparing the Overnight results, we see that the Gateway achieved 95.1% on time which exceeded the rural ZIP Code Areas' performance. Likewise, the Gateway's Overnight score was significantly better than both ZIP Code Area 006 (93.7%) and 008 (92.4%) from a statistical perspective. It should be noted, however, that there is less than a one point difference between performance in ZIP Code Areas 007 and 009. Mail from ZIP Code Area 008 must be collected, then sent to the plant in San Juan for processing; and then sent back to 008 for delivery with an Overnight expectation. At the same time, mail sent from ZIP Code Areas 006, 007 and 009 to 008 is also processed at the San Juan plant, but it is assigned a Two-Day service standard expectation, despite having to be transported between islands only one time.

For Two-Day mail, ZIP Code Areas 008 (98.8%) slightly outperformed the Gateway (98.6%); however none of the Two-Day score differences were statistically significant. Also, all ZIP Code Areas exceeded the Two-Day target for FY13. For Three-to-Five Day Mail, the three ZIP Codes Areas in Puerto Rico are performing similarly. ZIP Code Area 008 (94.3%) is performing significantly better than the Gateway (82.6%), likely benefitting from the additional day for processing.

SPFC - Honolulu:

Service Standards

The Honolulu service standards are also different from most U.S. service standards. The Overnight service standard is more traditional with all three ZIP Code Areas having Overnight expectations to and from themselves as well as an Overnight expectation within Hawaii. The only exception is 96799 which has a Two-Day service standard to/from itself. There are no other Two-Day service standards for the Honolulu District. It is a Three-Day standard from the continental U.S to ZIP Code Area 968, from 967 or 968 to 969, and from 969 to 967 or 968. It is a Four-Day standard from the continental U.S to ZIP Code Area 967 as well as from 967 or 968 to 96799 American Samoa. It is a Five-Day standard from the U.S. to ZIP Code Area 969.

Performance Analysis

When comparing the results, mail to ZIP Code Area 969 performed significantly worse than the Gateway for both Overnight and Three-to-Five-Day mail, with Guam's Overnight score of 95.5% and the Three-to-Five-Day score of 56.4% falling thirty points below the Gateway. Similarly, American Samoa's Three-to-Five Day performance was more than 68 points below the Gateway, likely due to the limited air service into American Samoa. However, the Hawaiian Islands (ZIP Code Area 967) performed significantly better than the Gateway for Three-to-Five-Day with a 95.6%.

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PRESORT FIRST-CLASS LETTERS/CARDS BY SERVICE STANDARD

The Postal Service's service performance measurement system uses documented arrival time at a designated postal facility to start the clock, and an Intelligent Mail® barcode (IMb™) scan by an external, third-party reporter to stop the clock. Mail piece tracking from IMb™ in-process scans is used in conjunction with the external data to extrapolate results for the entire volume of mail measured.

To calculate results, commercial mail performance is measured in two separate legs. The first leg measures service from the start-the-clock date to the final processing scan in a plant. To determine the second leg or the last mile transit time for the district, we assess how often the anticipated delivery day matches the actual delivery day.

We have provided end-to-end results using the traditional scoring method for the first leg and using the last mile transit delay calculated for all Commercial Mail by shape for each 3-Digit ZIP Code Area.

The table below contains the Presort results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2013. The Gateway row is highlighted in light blue for comparison's sake. Any rural score that is significantly better than its Gateway is highlighted in green while those that are significantly lower are highlighted in red.

FY13	Presort First-Class Letters/Cards		
	Overnight	Two-Day	Three-to-Five-Day
Alaska	97.9	97.7	93.0
995 Gateway	97.9	No Data	92.4
995 Rural	NSS	97.9	96.7
996	NSS	97.7	96.5
997	NSS	95.2	95.2
998	NSS	No Data	82.1
999	NSS	No Data	79.7
Caribbean	No Data	No Data	90.2
009 Gateway	No Data	No Data	90.2
006	No Data	No Data	89.4
007	No Data	No Data	89.7
008	No Data	No Data	96.7
Honolulu	99.3	No Data	94.4
968 Gateway	99.2	NSS	93.5
96700-96798 Hawaiian Islands	99.3	NSS	97.9

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FY13	Presort First-Class Letters/Cards		
	Overnight	Two-Day	Three-to-Five-Day
96799 American Samoa	NSS	No Data	45.8
969	No Data	NSS	69.3

FY13 results are unweighted and based on destinating mail.

NSS = No Service Standard; No Data = There was no data for this service standard in FY13

The service standards for Presort First-Class Mail are the same as the SPFC service standards, so please refer to the SPFC section for details about the service standards.

Presort First-Class - Alaska:

Performance Analysis

For Two-Day, there is no data available to compare the Gateway to the other 3-Digit ZIP Codes. However, the rural Two-Day Scores available are similar to the Overnight score for 995 Anchorage and exceed the 95.1 percent target.

For Three-to-Five-Day mail, ZIP Code Areas 998 and 999 performed significantly worse than the Gateway with 82.1% and 79.7% respectively compared to the Gateway's score of 92.4%. There was a similar pattern for the SPFC results for these two regions. The remaining rural 3-Digit ZIP Code Areas significantly outperformed the Gateway and exceed the FY13 target of 95.1. Anchorage is the AADC for all parts of Alaska except ZIP Code Areas 998 and 999, where Seattle serves as the AADC. It is approximately 1100 miles from Seattle to Ketchikan and another 288 from Ketchikan to Juneau which is significantly further away than the Anchorage AADC is to the rest of Alaska.

Presort First-Class - Caribbean:

Performance Analysis

For Overnight and Two-Day, there is no data available to compare the Gateway to the other 3-Digit ZIP Codes. For Three-to-Five-Day mail, ZIP Code Area 008 with a score of 96.7% significantly outperformed the Gateway with 90.2% perhaps benefitting from the additional processing day. There was a similar pattern in the SPFC results. Both ZIP Code Areas 006 and 007 performed significantly worse than the Gateway from a statistical perspective; however, both are within 1.0 point of the Gateway's score.

Presort First-Class - Honolulu:

Performance Analysis

For Overnight mail, there was a statistically significant difference between ZIP Code Area 967 Hawaiian Islands' score of 99.3% compared to the 968 Gateway of 99.2%; however, it is a difference of 0.1 points. For Three-to-Five-Day mail, 969 (69.3%) and 96799 (45.8%) performed significantly worse from a statistical perspective than the Gateway with 93.5%. ZIP Code Area 967, the Hawaiian Islands, performed significantly better than the Gateway with 97.9%, which was similar to the SPFC results.

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STANDARD MAIL BY ENTRY TYPE AND SHAPE

The table below contains the Standard Mail results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2013. The Gateway row is highlighted in light blue for comparison sake. Any rural score that is significantly better than its Gateway is highlighted in green. Score that are significantly lower than the Gateway are highlighted in red, unless the score exceeds the FY13 target and it is colored yellow.

As with the Presort First-Class Mail results, the Standard Mail results provided below represent the full end-to-end transit time, using the first leg and a last mile profile for Commercial Mail flats or letters for each ZIP Code Area.

FY13	Standard Mail			
	Letters		Flats	
	Destination Entry	End-to-End	Destination Entry	End-to-End
Alaska	95.4	83.4	93.0	77.2
995 Gateway	97.8	84.7	92.8	76.3
995 Rural	97.7	86.5	92.9	77.0
996	96.9	84.2	92.1	77.1
997	96.8	87.0	93.1	79.9
998	80.5	71.3	96.3	79.7
999	76.1	62.2	94.7	75.0
Caribbean	89.4	71.7	81.2	63.9
009 Gateway	89.1	71.6	80.8	62.4
006	91.5	72.9	81.4	67.1
007	88.6	71.2	84.6	69.0
008	87.5	69.6	76.0	55.9
Honolulu	67.1	34.5	50.3	36.5
968 Gateway	67.4	33.1	58.3	40.4
96700-96798 Hawaiian Islands	67.5	35.3	49.1	35.0
96799 American Samoa	25.1	14.0	11.7	8.0
969	24.9	21.9	19.4	25.6

FY13 results are unweighted and based on destinating mail.

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Standard Mail - Alaska:

Service Standards

For Destination Entry Mail, all of the Alaska ZIP Code Areas have a Three-Day Service Standard from the DSCF and a 14-Day Service Standard from the Destinating Network Distribution Center (DNDC). The End-to-End service standards can vary significantly depending on the origin; however, mail traveling to ZIP Code Areas 997, 998 and 999 generally has one additional day than mail destinating to 995 and 996.

Performance Analysis

For Destination Entry Letter Mail, the five rural ZIP Code Areas performed substantially worse from a statistical perspective than the Gateway which had a score of 97.8%. ZIP Code Areas 998 and 999 had the lowest scores, and 999's performance was more than 20 points below the Gateway. ZIP Code Area 995 Rural, 996 and 997 all fell within 1.0 point of the Gateway.

The End-to-End Letters performance had some similarities to the Destination Entry Letters for Alaska. ZIP Code Areas 998 and 999 had the lowest scores, at 71.3% and 62.2% respectively, which was significantly worse than the Gateway score of 84.7%. ZIP Code Areas 995 Rural and 997 outperformed the Gateway and 996 score fell below the Gateway but within 0.5 points.

For Destination Entry flats, the Gateway achieved 92.8% and four ZIP Code Areas outperformed the Gateway including 998 (96.3), 999 (94.7), 997 (93.1) and 995 Rural (92.9). ZIP Code Areas 996 fell within 1.0 point of the Gateway for Destination Entry flats, was above the FY13 target, and the difference was considered statistically significant.

For End-to-End Flats, the Gateway achieved a 76.3% for FY13 and four ZIP Code Areas outperformed it with a 79.9% for 997, 79.7% for 998, a 77.1% for 996 and a 77.0% for 995 Rural. ZIP Code Area 999 performed significantly worse than the Gateway from a statistical perspective with a 75.0%.

Overall, ZIP Code Area 998 had substantially lower scores for Standard Mail letters and 999 had low scores for all Standard Mail categories except Destination Entry Flats.

Standard Mail - Caribbean:

Service Standards

For Destination Entry Mail in Caribbean, ZIP Code Areas 006, 007 and 009 have a Three-Day Service Standard from the DSCF, whereas it is a Four-Day standard to 008. It is 12 days from the NDC in Jacksonville. The End-to-End service standards can vary significantly depending on the origin; however, all of the Caribbean ZIP Code Areas have the same service expectations for end-to-end mail, so ZIP Code 008 is not receiving an additional day in those cases.

Performance Analysis

For Destination Entry Letter Mail, ZIP Code Area 008 had the lowest score of 87.5% followed by 007 with an 88.6%. Both were significantly worse from a statistical perspective than the Gateway score of 89.1%, but within 2.0 points. ZIP Code Area 006 outperformed the Gateway, achieving a 91.5%.

For End-to-End Letter Mail, ZIP Code Area 006 had the highest score of 72.9% and significantly outperformed the Gateway (71.6%). ZIP Code Area 008's score was 69.6% and was significantly lower than the Gateway from a statistical perspective, but was within 2.0 points.

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For Destination Entry Flats, ZIP Code Area 008's score was 76.0% and was statistically significantly lower than the Gateway's on time score of 80.8%. The score for 006 was 0.6 points above the Gateway whereas 007 was 3.8 points above the Gateway, and all results were considered significant from a statistical perspective.

For End-to-End Flats, the Gateway scored 62.4% significantly outperforming ZIP Code Area 008 (55.9%). Whereas, both 006 (67.1%) and 007 (69.0%) outperformed the Gateway for End-to-End flats.

Standard Mail - Honolulu:

Service Standards

For Destination Entry Mail, all of the Honolulu ZIP Code Areas have a Three-Day Service Standard from the DSCF, excluding American Samoa. It is a 13-Day Service Standard from the DNDC, with the exception of American Samoa, where it is 14 days. The End-to-End standards can vary significantly depending on the origin; however, 969 and 96799 generally received one extra day for End-to-End mail compared to mail destinating to 967 or 968.

Performance Analysis

For Destination Entry Letter Mail, the Gateway achieved an on-time score of 67.4% which was significantly better than ZIP Code Areas 969 and 96799 which achieved only 24.9% and 25.1% Destination Entry Letters.

For End-to-End Letters, the Gateway achieved the second highest score of 33.1% whereas the 967 Hawaiian Islands achieved a 35.3%. American Samoa (96799) had only 14.0% of the mail delivered on time and Guam (969) achieved 21.9% of the End-to-End Letters delivered on time.

For Destination Entry Flats, the Gateway again achieved the highest score with a 58.3% followed by 967 Hawaiian Islands with 49.1%. ZIP Code Area 969 achieved 19.4% while 96799 had 11.7% of the mail delivered on time, and the differences were significant for all three rural ZIP Code Areas.

Finally, for End-to-End Flat Mail, the results are fairly similar to the End-to-End Letters. The Gateway had an on-time score of 40.4% followed by 967 Hawaiian Islands at 35.0%. ZIP Code Area 969 achieved 25.6% whereas American Samoa (96799) had a score of 8.0% and all three rural ZIP Code Areas performed significantly worse from a statistical perspective.

While the Honolulu Gateway outperformed the rural ZIP Code Areas in most cases in FY13 for Standard Mail, Honolulu's performance was significantly lower than both Alaska and Caribbean. It may be worthwhile to review the service standards as well as the processing operations and transportation to understand what is realistic for this distant region.

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PERIODICALS

The table below contains the Periodicals results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2013 end-to-end measurement. The Gateway performance is highlighted in light blue for comparison's sake. Likewise, any rural score that is significantly different is highlighted in red if it is lower than the Gateway and in green if the rural score is higher than the Gateway.

FY13	Periodicals	
	Destination Entry	End-to-End
Alaska	87.4	80.1
995 Gateway	89.7	82.1
995 Rural	92.0	81.0
996	90.0	80.6
997	87.1	74.9
998	84.5	84.9
999	73.9	78.4
Caribbean	70.2	66.0
009 Gateway	66.9	65.0
006	70.0	67.6
007	72.3	71.4
008	76.2	57.5
Honolulu	63.4	38.5
968 Gateway	61.0	40.1
96700-96798 Hawaiian Islands	66.1	39.2
96799 American Samoa	4.4	9.6
969	16.5	24.2

FY13 results are unweighted and based on destinating mail.

Periodicals - Alaska:

Service Standards

For Destination Entry Mail in Alaska, ZIP Code Area 995 received an Overnight Service Standard from the DSCF in 995, whereas the rest of the rural ZIP Code Areas have a Three-Day Standard from the DSCF. From

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the AADC, it is a Four-Day Service Standard to 996 and 997 and 11 Days to 998 and 999. Seattle serves as the DNDC for Alaska and it is a 10-Day Standard to 995, 996 and 997 and an 11-Day Standard to 998 and 999. The End-to-End standards can vary significantly depending on the origin; however, 995 and 996 generally have one less day than End-to-End mail traveling to 997, 998 and 999.

Performance Analysis

For Destination Entry Periodicals, the Gateway had the third highest performance of 89.7% and was outperformed by both 995 Rural (92.0%) and 996 (90.0%). ZIP Code Area 997 was just 2.6 points below the Gateway with a 87.1% whereas 998 (84.5%) and 999 (73.9%) were 5.2 and 15.8 points below the Gateway.

For End-to-End Periodicals, the Gateway outperformed four of the five rural ZIP Code Areas achieving an 82.1%. ZIP Code Area 998 significantly outperformed the Gateway with an 84.9%. ZIP Code Areas 995 Rural (81.0%) and 996 (80.6%) fell within 1.5 points of the Gateway followed by 999 (78.4) and 997 (74.9).

Periodicals – Caribbean:

Service Standards

For Destination Entry Mail in the Caribbean, San Juan serves as the DSCF and DADC. For DSCF entered mail, it is an Overnight Service Standard to 006, 007 and 009 and a Three-Day Standard to ZIP Code Area 008. For DADC entered mail, the only change from the DSCF mail is that 008 has a Four-Day Service Standard. Likewise, it is an Eight-Day Service Standard from the DNDC in Jacksonville FL to 006, 007 and 009 and Ten Days to 008. The End-to-End standards can vary depending on the location of the origin; however, all four Caribbean ZIP Code Areas have the same service standard expectations when entered at origin. In other words, ZIP Code Area 008 does not receive an additional day for processing.

Performance Analysis

For Destination Entry Periodicals, the Gateway had the lowest on time performance with a 66.9% and all three ZIP Code Areas significantly outperformed the Gateway with 008 achieving a 76.2% followed by 007 (72.3%) and 006 (70.0%).

For End-to-End Periodicals, the Gateway had the second lowest score with a 65.0% and was significantly outperformed by ZIP Code Areas 006 and 007 with a 67.6% and 71.4% respectively. ZIP Code Area 008 had the lowest on time performance in Caribbean with a score of 57.5%.

Periodicals - Honolulu:

Service Standards

For Destination Entry Mail in the Honolulu District, there is an Overnight Service Standard from the DSCF to 967, 968 and 969, with the exception of American Samoa. For DADC entered mail, the only change from the DSCF standards is that it is a Two-Day Service Standard to 969 from the DADC in Honolulu. It is a 10-Day Service Standard from the DNDC in San Francisco to 967, 968 and 969 (except for 96799). The End-to-End standards can vary depending on the location of the origin; however, ZIP Code Area 969 and 96799 receive one additional day for mail processing and transportation compared to 967 and 968.

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Performance Analysis

For Destination Entry Periodicals, the Gateway had the second highest performance with a 61.0% and 967 Hawaiian Islands performed significantly better from a statistical perspective with 66.1% of the mail delivered on time. ZIP Code Area 969 (16.5%) was 44.5 points below the Gateway and 96799 (4.4%) had the lowest score and was 56.6 points below the Gateway results.

For End-to-End Periodicals, the Gateway had the highest performance with a 40.1% and all three ZIP Code Areas performed significant worse from a statistical perspective. The Hawaiian Islands (96700-96798) achieved 39.2% and was within 1.0 points of the Gateway, followed by 969 with 24.2% and 96799 with 9.6% delivered on time.

PACKAGE SERVICES

The table below contains the Package Services results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2013. Measurement is based on retail Single-Piece Parcel Post through January 26th as well as Library Mail/Media Mail, and Bound Printed Matter Flats and Parcels. The Gateway performance is highlighted in light blue for comparison's sake. It is highlighted in red if it is statistically significantly lower than the Gateway and in green if the rural score is higher than the Gateway.

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FY13	Package Services
Alaska	77.9
995 Gateway	89.5
995 Rural	70.3
996	77.0
997	71.7
998	72.0
999	59.9
Caribbean	50.6
009 Gateway	53.6
006	51.5
007	53.2
008	28.5
Honolulu	33.7
968 Gateway	45.9
96700-96798 Hawaiian Islands	29.2
96799 American Samoa	9.7
969	17.1

FY13 results are unweighted and based on destinating mail

Package Services - Alaska:

Service Standards

It is a Two-Day Service Standard from the DSCF to all Alaska ZIP Codes. From the DNDC in Seattle, it is 12 days to all ZIP Code Areas. The End-to-End service standards can vary significantly depending on the origin; however, all 3-Digit ZIP Code Areas receive the same number of days to deliver unlike prior mail classes where some rural ZIP Code Areas received an additional day when compared to the Gateway.

Performance Analysis

The Anchorage Gateway achieved a 89.5% for Package Services significantly outperforming all of the other ZIP Code Areas in Alaska. The next highest score was in 996 (77.0%) which was the only ZIP Code Area with less than a 15.0 point difference. Three of the remaining ZIP Code Areas scored in the seventies including 995 Rural (70.3%), 997 (71.7%) and 998 (72.0%). ZIP Code Area 999 had the lowest performance with 59.9% which was 29.6 points below the Gateway.

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Package Services – Caribbean:

Service Standards

It is a Two-Day Service Standard from the DSCF to 006, 007 and 009 and Three Days to 008. It is an 11-Day standard from the DNDC in Jacksonville FL to all ZIP Code Areas in Caribbean. The service standards can vary significantly depending on the origin; however, all 3-Digit ZIP Code Areas receive the same number of days to deliver unlike prior mail classes where some rural ZIP Code Areas received an additional day when compared to the Gateway.

Performance Analysis

The Gateway ZIP Code Area of 009 achieved 53.6% and significantly outperformed 008 with 28.5% of the mail delivered on time. ZIP Code Area 006 also performed significantly worse than the Gateway at 51.5%.

Package Services - Honolulu:

Service Standards

It is a Two-Day Service Standard from the DSCF to 967, 968 and 969 (except for 96799). It is an 11-Day Standard from the DNDC in San Francisco, CA. The End-to-End service standards can vary significantly depending on the origin; however, all 3-Digit ZIP Code Areas receive the same number of days to deliver unlike prior mail classes where some rural ZIP Code Areas received an additional day when compared to the Gateway.

Performance Analysis

The Honolulu Gateway in ZIP Code Area 968 achieved a 45.9% and had a higher score than the Hawaiian Islands in 967 with 29.2% of the mail delivered on time. The remote ZIP Code Areas of 969 and 96799 performed even worse with 17.1% and 9.7% of the mail delivered on time.

The offshore Package Services scores have generally improved since FY11, however, Honolulu results are quite low as are the more rural area including ZIP Code Areas 999 and 008. It may be worthwhile to review the service standards as well as the processing logistics and transportation for Package Services.

IV. Comparing FY2013 Performance Results to FY2011

In addition to comparing each 3-Digit ZIP Code Area's performance to the Gateway's, we compared the service performance results from FY2013 to the results from FY2011 using the same statistical hypothesis tests used for the Gateway and rural comparison. While there are cases where the FY11 results were higher than those in FY13 from a statistical perspective, the majority of performance results improved compared to two years ago, especially for Commercial Mail.

SINGLE-PIECE FIRST-CLASS (SPFC) LETTERS/CARDS/FLATS BY SERVICE STANDARD

The table below contains the SPFC results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011 and 2013. The Gateway row is highlighted in light blue. Any FY13 score that is significantly better than the FY11 score is highlighted in green while those that are significantly lower are highlighted in red.

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FY13 vs. FY11	Single-Piece First-Class Letters/Cards/Flats					
	Overnight		Two-Day		Three-to-Five-Day	
	FY11	FY13	FY11	FY13	FY11	FY13
Alaska	96.3	97.4	97.1	96.2	91.4	89.9
995 Gateway	96.3	97.4	99.3	99.4	90.5	87.6
995 Rural	NSS	NSS	97.9	97.8	93.7	95.0
996	NSS	NSS	98.1	98.0	95.3	94.5
997	NSS	NSS	92.9	93.4	92.9	93.4
998	NSS	NSS	96.5	90.3	87.6	82.8
999	NSS	NSS	98.5	95.4	89.1	85.0
Caribbean	93.8	94.5	96.3	98.8	85.7	83.4
009 Gateway	94.4	95.1	97.2	98.6	85.6	82.6
006	93.7	93.7	96.4	98.2	84.5	83.1
007	93.6	94.3	94.7	98.5	85.7	82.6
008	87.7	92.4	96.0	98.8	91.8	94.3
Honolulu	97.5	97.3	NSS	12.4	91.9	89.8
968 Gateway	97.7	97.2	NSS	NSS	86.3	86.5
96700-96798 Hawaiian Islands	97.5	97.4	NSS	NSS	96.0	95.6
96799 American Samoa	No Data	NSS	NSS	12.4	No Data	18.7
969	91.5	95.5	NSS	NSS	82.8	56.4

Results are unweighted and based on destinating mail only; NSS = No Service Standard

For Alaska, the SPFC overnight score for 995 Gateway significant improved by 1.1 points. For the Two-Day results, ZIP Code Areas 998 and 999 performed significantly worse with a 6.2 and 3.1 point decline respectively. For Three-to-Five-Day Alaska, the Gateway of 995 experienced a significant decline by 2.9 points and 998's results also dropped by 4.8 points.

Caribbean saw the most statistically significant improvements for SPFC with 009 and 008 for Overnight; 009, 007 and 008 for Two-Day and 008 for Three-to-Five-Day. For Three-to-Five-Day, both 009 and 007 had significant declines compared to FY11 from a statistical perspective.

For Honolulu, the Gateway of 968 had a significant score decline for SPFC Overnight performance. ZIP Code Area 969 had a statistically significant performance improvement for Overnight and a significant decline for Three-to-Five-Day compared to FY11.

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PRESORT FIRST-CLASS LETTERS/CARDS BY SERVICE STANDARD

The table below contains the Presort First-Class results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011 and FY2013. The Gateway row is highlighted in light blue. Any FY13 score that is significantly better than the FY11 score is highlighted in green while those that are significantly lower are highlighted in red.

FY13 vs. FY11	Presort First-Class Letters/Cards					
	Overnight		Two-Day		Three-to-Five-Day	
	FY11	FY13	FY11	FY13	FY11	FY13
Alaska	96.6	97.9	98.0	97.7	93.5	93.0
995 Gateway	96.6	97.9	No Data	No Data	92.9	92.4
995 Rural	NSS	NSS	98.0	97.9	96.0	96.7
996	NSS	NSS	98.0	97.7	95.9	96.5
997	NSS	NSS	No Data	95.2	94.4	95.2
998	NSS	NSS	No Data	No Data	89.5	82.1
999	NSS	NSS	No Data	No Data	87.7	79.7
Caribbean	No Data	No Data	No Data	No Data	85.3	90.2
009 Gateway	No Data	No Data	No Data	No Data	85.7	90.2
006	No Data	No Data	No Data	No Data	83.7	89.4
007	No Data	No Data	No Data	No Data	84.2	89.7
008	No Data	No Data	No Data	No Data	92.1	96.7
Honolulu	96.3	99.3	NSS	No Data	93.9	94.4
968 Gateway	97.0	99.2	NSS	NSS	90.5	93.5
96700-96798 Hawaiian Islands	95.9	99.3	NSS	NSS	95.9	97.9
96799 American Samoa	No Data	NSS	NSS	No Data	No Data	45.8
969	No Data	No Data	NSS	NSS	89.3	69.3

Results are unweighted and based on destinating mail only; NSS = No Service Standard

For Presort First-Class Mail, Alaska had several significant score increases including Gateway 995 for Overnight as well as 995 Rural, 996 and 997 for Three-to-Five-Day. However, Alaska also experienced significant score declines compared to FY11 including Two-Day results for 996 as well as 995 Gateway, 998 and 999 for Three-to-Five-Day.

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Caribbean Presort First-Class results saw significant increases compared to FY11 for all four ZIP Codes Areas for Three-to-Five Day.

Likewise, Honolulu, saw statistically significant performance increases for Overnight and Three-to-Five Day for both 968 and 967 Hawaiian Islands. Only 969 experienced a significant decline for Honolulu's Three-to-Five-Day results when compared to FY11.

STANDARD MAIL BY ENTRY TYPE AND SHAPE

The table below contains the Standard Mail results for mail destinating to offshore districts in FY2011 and FY2013. The Gateway row is highlighted in light blue. Any FY13 score that is significantly better than the FY11 score is highlighted in green.

FY13 vs. FY11	Standard Mail							
	Destination Entry Letters		End-to-End Letters		Destination Entry Flats		End-to-End Flats	
	FY11	FY13	FY11	FY13	FY11	FY13	FY11	FY13
Alaska	72.3	95.4	30.8	83.4	42.0	93.0	21.7	77.2
995 Gateway	80.2	97.8	31.5	84.7	46.1	92.8	27.8	76.3
995 Rural	75.3	97.7	31.6	86.5	36.8	92.9	18.0	77.0
996	66.8	96.9	28.1	84.2	41.4	92.1	14.0	77.1
997	65.0	96.8	36.4	87.0	32.6	93.1	21.9	79.9
998	42.4	80.5	22.1	71.3	N/A	96.3	N/A	79.7
999	54.3	76.1	31.7	62.2	N/A	94.7	N/A	75.0
Caribbean	68.6	89.4	34.0	71.7	56.8	81.2	29.4	63.9
009 Gateway	59.9	89.1	34.1	71.6	54.9	80.8	32.4	62.4
006	78.4	91.5	31.7	72.9	57.2	81.4	24.5	67.1
007	70.3	88.6	34.7	71.2	57.9	84.6	30.0	69.0
008	57.9	87.5	42.7	69.6	59.4	76.0	29.0	55.9
Honolulu	14.7	67.1	6.2	34.5	4.0	46.6	1.5	36.5
968 Gateway	14.2	67.4	7.4	33.1	7.1	56.6	2.6	40.4
96700-96798 Hawaiian Islands	15.1	67.5	5.7	35.3	2.7	44.4	1.0	35.0
96799 American Samoa	N/A	25.1	N/A	14.0	N/A	11.7	N/A	8.0
969	0.3	24.9		21.9	1.2	18.3	1.2	25.6

Results are unweighted and based on destinating mail only

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For Standard Mail, the performance improvements compared to FY11 are impressive, because every 3-Digit ZIP Code and Standard Mail subclass possibilities in FY13 had a statistically significant performance difference when compared to FY11. In Alaska no ZIP Code Areas were above the 90.0% target in FY11, whereas 10 of the 24 exceed the target in FY13.

At the District level, Alaska improved by 23.1 points for Destination Entry Letters, 52.6 points for End-to-End Letters, 51.0 points for Destination Entry Flats, and 55.5 points for End-to-End Flats. In Caribbean, the District improved by 20.8 points for Destination Entry Letters, 37.7 points for End-to-End Letters, 24.4 points for Destination Entry Flats, and 34.5 points for End-to-End Flats. Finally, at a District level, Honolulu improved by 52.4 points for Destination Entry Letters, 28.3 points for End-to-End Letters, 46.3 points for Destination Entry Flats, and 35.0 points for End-to-End Flats.

PERIODICALS

The table below contains the Periodicals results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011 and FY2013. The Gateway performance is highlighted in light blue for comparison's sake. In FY11, a combination of Red Tag and Del-Trak data was used for service performance measurement, and much of the additional measurement was conducted in the fourth quarter of FY11. The FY13 results are based on Full Service data. Because the measurement systems are quite different, we did not calculate whether scores are significantly different from a statistical perspective.

FY13 vs. FY11	Periodicals		
	FY11	FY13 Destination Entry	FY13 End-to-End
Alaska	63.1	80.1	87.4
995 Gateway	68.7	82.1	89.7
995 Rural	57.2	81.0	92.0
996	71.4	80.6	90.0
997	63.7	74.9	87.1
998	56.7	84.9	84.5
999	48.2	78.4	73.9
Caribbean	35.9	66.0	70.2
009 Gateway	41.8	65.0	66.9
006	34.1	67.6	70.0
007	43.7	71.4	72.3
008	16.7	57.5	76.2

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FY13 vs. FY11	Periodicals		
	FY11	FY13 Destination Entry	FY13 End-to-End
Honolulu	70.7	38.5	63.4
968 Gateway	73.8	40.1	61.0
96700-96798 Hawaiian Islands	63.0	39.2	66.1
96799 American Samoa	No Data	9.6	4.4
969	80.4	24.2	16.5

Results are unweighted and based on destinating mail.

Although we did not determine if the differences in Periodicals scores were significant, there are some large performance differences between FY11 and FY13 that are worth noting. In Alaska and Caribbean, both the Destination Entry and End-to-End performance results are higher than the FY11 performance for each ZIP Code Area. Conversely, Honolulu's Periodicals performance was fairly high in FY11 as measured in FY11 Q4 by Red Tag and Del-Trak, but the FY13 Full Service results are lower in all cases.

PACKAGE SERVICES

The table below contains the Package Services results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011 and FY2013. The Gateway row is highlighted in light blue. Any FY13 score that is significantly better than the FY11 score is highlighted in green.

FY13 vs. FY11	Package Services	
	FY11	FY13
Alaska	25.5	77.9
995 Gateway	31.3	89.5
995 Rural	21.9	70.3
996	25.9	77.0
997	21.5	71.7
998	21.2	72.0
999	21.7	59.9
Caribbean	21.0	50.6
009 Gateway	19.8	53.6
006	23.9	51.5
007	24.4	53.2

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FY13 vs. FY11	Package Services	
	FY11	FY13
008	7.7	28.5
Honolulu	6.4	33.7
968 Gateway	6.9	45.9
96700-96798 Hawaiian Islands	6.0	29.2
96799 American Samoa	N/A	9.7
969	8.0	17.1

Results are unweighted and based on destinating mail

Package Services had statistically significant performance improvements in all ZIP Code Areas previously measured in FY11. For Alaska, five of the six 3-digit ZIP Code Areas had improvements of more than 48 points and 999 improved by 38.2 points. Caribbean had large score improvements as well with the Gateway improving by 33.8 points followed by 007 (28.8), 006 (27.6) and 008 (20.8). Honolulu had large improvements as well with the Gateway improving over FY11 by 39.0, 967 Hawaiian Islands by 23.2 and 969 by 9.1 points.

V. Conclusion

The PRC was concerned that rural parts of the Alaska, Caribbean and Honolulu Districts may receive significantly worse delivery service than their respective Gateways. An offshore special study was therefore conducted in cases where additional measurement was needed, and the FY2013 delivery performance results for each rural 3-Digit ZIP Code Area was compared to their Gateway's performance by mail class. We used a two-sided hypothesis test to determine if score differences were statistically significant.

Comparing Gateway to Rural ZIP Code Area Results

There were cases where the Gateway significantly outperformed some of the rural 3-Digit ZIP Code Areas across the various mail classes and there were also many cases where the rural areas outperformed the Gateways.

The table below provides a summary of this information by mail class for each of the districts of statistical differences between the Gateway and rural ZIP Code Areas:

Statistically Significant Differences Between Gateway and Rural Performance in FY2013					
Mail Class	Rural ZIP Code Area Metric	Alaska	Caribbean	Honolulu	Total
Single-Piece First-Class	Total Number of Rural Comparisons	10	9	5	24
	Number Significantly Better	3	1	1	5
	Number Significantly Worse	4	2	3	9
	Number Not Significantly Different*	3	6	1	10
Presort First-Class	Total Number of Rural Comparisons	5	3	4	12
	Number Significantly Better	3	1	2	6

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Statistically Significant Differences Between Gateway and Rural Performance in FY2013					
Mail Class	Rural ZIP Code Area Metric	Alaska	Caribbean	Honolulu	Total
Mail	Number Significantly Worse	2	2	2	6
	Number Not Significantly Different*	0	0	0	0
Standard Mail	Total Number of Rural Comparisons	20	12	12	44
	Number Significantly Better	10	6	1	17
	Number Significantly Worse	6	6	10	22
	Number Not Significantly Different*	4	0	1	5
Periodicals	Total Number of Rural Comparisons	10	6	6	22
	Number Significantly Better	3	5	1	9
	Number Significantly Worse	7	1	5	13
	Number Not Significantly Different*	0	0	0	0
Package Services	Total Number of Rural Comparisons	5	3	3	11
	Number Significantly Better	0	0	0	0
	Number Significantly Worse	5	2	3	10
	Number Not Significantly Different*	0	1	0	1
Total	Total Number of Rural Comparisons	50	33	30	113
	Number Significantly Better	19	13	5	37
	Number Significantly Worse	24	13	23	60
	Number Not Significantly Different*	7	7	2	16

* Scores that were considered statistically significantly different, but still exceeded the FY13 target (previously highlighted in yellow) were classified as Not Significantly Different for the purposes of this summary

Out of the 113 rural ZIP Code Area and mail class subgroups measured, the Gateway significantly outperformed the rural ZIP Code Area 53% of the time (60). However, there were 37 cases where a rural ZIP Code Area performed significantly better than the Gateway and 16 where there was no significant difference. This means that 47% of the time, the rural areas performed better or the same as the Gateway from a statistical perspective.

When reviewing the mail class summary information, Presort First-Class Mail had the highest percentage of rural ZIP Code Areas outperforming the Gateway with 6 out of 12 (50%), followed by Periodicals with 40.9% (9 out of 22) and Standard Mail with 17 out of 44 (38.6%).

Amongst the three Offshore Districts, Caribbean had the highest occurrence of the rural ZIP Code Areas significantly outperforming the Gateway with 13 out of 33 (39.4%). Alaska had the next largest percentage of

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rural ZIP Codes performing significantly better than the Gateway with 38% (19 out of 50). Honolulu had the lowest occurrence of rural ZIP Code Areas outperforming the Gateway with only 16.5% or 5 out of 30.

There were a handful of cases where the performance to the rural areas was substantially lower than the Gateway. Specifically, there were 20 cases where the Gateway's score was more than 20 points higher than the rural ZIP Code Area. However, most of the largest score differences were with ZIP Codes Areas that are both extremely isolated and have low mail volumes including 96799 American Samoa (nine occurrences), 969 (six occurrences), 999 (three occurrences) and one occurrence each in 008 and 967 Hawaiian Islands. The USPS should consider reviewing processing operations, transportation and service standards in many of these situations given the extremely difficult logistics and circumstances in Alaska, Caribbean and Honolulu.

While there were a number of cases where the Gateway outperformed the more rural 3-Digit ZIP Code Areas in terms of delivery performance; there were similar results when reviewing the Continental U.S. examples where rural 3-Digit ZIP Code Areas are far from their SCF. Considering that some of the rural offshore 3-digit ZIP Codes have very low mail volume, the USPS must determine if it is practical or even possible to adjust transportation or operations. For example, since American Samoa only has two flights per week, the USPS cannot alter the transportation without substantial costs, and could really only alter the service standards to affect change.

Comparing FY2013 to FY2011 Results

In addition to conducting the comparison between the Gateway and Rural performance, we also compared each ZIP Code Area's FY2013 results to the FY2011 results (as well as the District's) to see whether significant differences exist. The table below provides a summary of this information by mail class for each of the districts of statistical differences between the FY2011 and FY2013 results:

Statistically Significant Differences Between FY2011 and FY2013					
Mail Class	Metric - FY13 Results	Alaska	Caribbean	Honolulu	Total
Single-Piece First-Class	Total Number of Rural Comparisons	13	12	6	31
	Number Significantly Better	1	6	1	8
	Number Significantly Worse	4	2	2	8
	Number Not Significantly Different	8	4	3	15
Presort First-Class Mail	Total Number of Rural Comparisons	9	4	5	18
	Number Significantly Better	4	4	4	12
	Number Significantly Worse	4	0	1	5
	Number Not Significantly Different	1	0	0	1
Standard Mail	Total Number of Rural Comparisons	20	16	12	48
	Number Significantly Better	20	16	12	48
	Number Significantly Worse	0	0	0	0
	Number Not Significantly Different	0	0	0	0

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Statistically Significant Differences Between FY2011 and FY2013					
Mail Class	Metric - FY13 Results	Alaska	Caribbean	Honolulu	Total
Package Services	Total Number of Rural Comparisons	6	4	3	13
	Number Significantly Better	6	4	3	13
	Number Significantly Worse	0	0	0	0
	Number Not Significantly Different	0	0	0	0
Total	Total Number of Rural Comparisons	48	36	26	110
	Number Significantly Better	31	30	20	81
	Number Significantly Worse	8	2	3	13
	Number Not Significantly Different	9	4	3	16

Out of the 110 scores reviewed, the FY2013 results significantly outperformed the FY2011 results 81 out of 110 times or 73.6%. In addition, there were 16 cases where the score was not significantly different from a statistical perspective; thus the FY11 results significantly outperformed the FY13 only 13 out of 110 times or 11.8%. The USPS results have improved markedly in many cases in the Offshore Districts.

Caribbean had the largest number of cases where the FY13 results outperformed the FY11 results with 30 out of 36 or 83.3%. Honolulu also had a high percentage of occurrences where the FY13 results performed significantly better than the FY11 with 20 out of 26 or 76.9%. In addition, Alaska had a majority of cases where the FY13 results significantly outperformed the FY11 with 31 out of 48 or 64.6%.

The comparison between FY11 and FY13 demonstrates that the USPS has made substantial improvements in the last two years to the reliability and delivery to service standards. However, given the FY13 results and the extreme delivery challenges to these offshore regions, the USPS should continue to reassess and revise service standards, operations and transportation as appropriate.