

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2014

Docket No. ACR2014

CHAIRMAN'S INFORMATION REQUEST NO. 13

(Issued March 2, 2015)

To clarify the Postal Service's FY 2014 Annual Performance Report (FY 2014 Report) and its FY 2015 Performance Plan (FY 2015 Plan),<sup>1</sup> the Postal Service is requested to provide written responses to the following questions and requests. Answers should be provided to individual questions and requests as soon as they are developed, but no later than March 9, 2015.

1. In Postal Service Responses to CHIR No. 5, question 9, the Postal Service did not provide the FY 2014 results for the Cross-Portfolio Key Performance Metrics.<sup>2</sup> Please provide the FY 2014 results for each Cross-Portfolio Key Performance Metric.
2. In Postal Service Responses to CHIR No. 5, question 9, the FY 2015 metric "Gross Consideration (Facilities)" appears to have replaced the FY 2014 metric "Total Square Feet Reduced (Sq Ft)." Please describe:
  - a. The differences between the new FY 2015 Gross Consideration metric and the FY 2014 Total Square Feet Reduced metric.
  - b. The reasons for changing the performance metric.

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<sup>1</sup> The FY 2014 Report and FY 2015 Plan are included in the Postal Service's 2014 Annual Report to Congress. United States Postal Service, *United States Postal Service 2014 Annual Report to Congress*, at 37-45 (Annual Report); see Library Reference USPS-FY14-17, December 29, 2014.

<sup>2</sup> United States Postal Service Responses to Questions 1-5, 8 and 9 of Chairman's Information Request No. 5, February 10, 2015 (Postal Service Responses to CHIR No. 5).

3. In Postal Service Responses to CHIR No. 5, question 9, the FY 2014 metric “Total Work Hours Reduced” notes in the “FY15 Metric” column that it is “Not in DRIVE for FY15.” In the 2015 Integrated Financial Plan, the Postal Service plans to reduce 5 million work hours.<sup>3</sup> Please reconcile the differences between the FY 2015 Cross-Portfolio Key Performance Metrics provided in Postal Service Responses to CHIR No. 5, question 9 and the 2015 Integrated Financial Plan.
4. In Postal Service Responses to CHIR No. 5, question 9, the FY 2014 metric- ‘Total Headcount Reduction’, notes in the ‘FY 15 Metric’ column, ‘Not in DRIVE for FY15.’ In its Five-Year Business Plan, the Postal Service anticipates reducing approximately 146,000 career and non-career full-time equivalent employees by 2017.<sup>4</sup> Please reconcile the differences between the FY 2015 Cross-Portfolio Key Performance Metrics provided in Postal Service Responses to CHIR No. 5, question 9 and the Five-Year Business Plan.
5. In the FY 2014 Report and FY 2015 Plan, the Postal Service explains that it missed the FY target for Deliveries per Hour because of a high turnover rate (more than 40 percent) for city carrier assistants and other factors. Annual Report at 41. In FY 2014, the Postal Service extended the Voice of the Employee Survey to all employees. Annual Report at 40. Based on the Voice of the Employee Survey results, what insights were gained about the high turnover rate for city carrier assistants?
6. In the FY 2014 Report and FY 2015 Plan, the Postal Service explained that the increase in the FY 2014 Occupational Safety and Health Administration Injury and Illness (I & I) rate was “due primarily to severe winter weather” during the first two quarters of FY 2014. *Id.*

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<sup>3</sup> United States Postal Service, Fiscal Year 2015 Integrated Financial Plan, November 24, 2014, at 2.

<sup>4</sup> United States Postal Service, Five-Year Business Plan, April 2013, at 28 (Five-Year Business Plan), <http://about.usps.com/strategic-planning/five-year-business-plan-2012-2017.pdf>.

- a. What types of injuries were caused by the severe winter weather?
  - b. Please describe the methodology and rationale used to select the value for the FY 2015 I & I target.
7. In the FY 2014 Report and FY 2015 Plan, the Postal Service reports that it will increase its safety focus on “at-risk” employees in FY 2015. *Id.* Which employees does the Postal Service believe are “at-risk”?
8. In the FY 2014 Report and FY 2015 Plan, the Postal Service references the second phase of mail processing realignments beginning in January 2015, which would impact 82 mail processing locations. *Id.* at 41.
  - a. What possible challenges and issues does the Postal Service anticipate customers may face during this second phase of its network consolidation process? Please discuss the possible challenges and issues as they relate to the customer groups potentially affected.
  - b. For the potential customer groups affected in question 8.a above, please discuss the Postal Service’s customer resources and process for issue resolution for the most common possible issues.
  - c. How is the Postal Service notifying mailers and other customers who may be impacted by the second phase of its network consolidation process? Please include in your response the typical advance notification time for those that may be impacted (e.g., changes to the Detached Mail or Business Mail Entry Units for mailers).
9. The FY 2014 Report and FY 2015 Plan shows that there were 31,662 postal-managed post offices, stations, and branches in FY 2014. Annual Report at 45.
  - a. How many postal-managed post offices, stations, and branches participated in or administered the Point of Sale (POS) Survey in FY 2014?

- i. For those that did not participate in or administer the POS customer survey, please explain why and describe other means of measuring and tracking customer experiences in these postal-managed post offices, stations, and branches.
  - b. How many of the postal-managed post offices, stations, and branches participating in or administering the POS Survey in FY 2014 had zero percent customer participation?
  - c. How is the customer experience measured for contract postal units, village post offices, and community post offices?
  - d. Please describe how the customer experience at self-service kiosks is measured.
10. The Postal Service states, “Other customer experience ratings, including overall satisfaction with Post Office visits, are collected quarterly via national surveys of residential and small business customers.” Annual Report at 50.
  - a. Is the Postal Service referring to the POS survey? If yes, please specify how the small business customers are identified from the responses.
  - b. If no, please provide copies of the “national surveys” and explain how the Postal Service analyzes the data to determine customer experience ratings separately for residential and small business customers.
11. Based on the FY 2014 POS survey results, more than a third of the respondents reported waiting in line for an associate at the post office four or more minutes.<sup>5</sup> For comparative purposes, please provide the Retail Customer Experience (RCE) wait-in-line time responses in the same categories as the POS survey

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<sup>5</sup> Library Reference USPS-FY14-38, December 29, 2014, Excel file CI Question Response Counts FY2014.xlsx.

- data: “1-3 minutes,” “4-5 minutes,” “6-10 minutes,” “11-15 minutes,” and “16 minutes or more.”<sup>6</sup> If they cannot be provided in this format, please explain why.
12. The FY 2014 overall retail experience result as measured by the RCE program is substantially higher than the FY 2014 POS Survey result. Annual Report at 50 and Postal Service Responses to CHIR No. 5, question 2.e. Please reconcile the differences between the two metrics and discuss any methodological or reporting distinctions.
  13. Has the Postal Service analyzed the FY 2014 customer experiences data by rural and non-rural geographic locations? If so, please discuss findings and conclusions. If not, please explain why the Postal Service has not conducted this analysis in FY 2014.
  14. The performance goals in the FY 2014 Report and FY 2015 Plan must relate to the general goals and objectives in the Postal Service’s strategic plan. 39 U.S.C. § 2802(a)(4). See note 4, *supra*.
    - a. Is the Postal Service’s strategic plan the same as its Five-Year Business Plan? If not, please explain what the Postal Service’s strategic plan is, where to find it, and how it relates to the Five-Year Business Plan.
    - b. Please describe the program evaluations used in establishing or revising general goals and objectives of the strategic plan, with a schedule for future program evaluations. See *id.* § 2802(a)(6).
  15. Please refer to page 18 of the Five-Year Business Plan.
    - a. Were the PostPlan initiative savings in FY 2014 realized? If so, please discuss. If not, please explain why.
      - i. Did the Postal Service have a PostPlan-related FY 2014 target? If so, please provide the FY 2014 target and results.

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<sup>6</sup> *Id.*, PDF file POS - USPS FY14 POS Survey.pdf., question 4.



17. What percentage of new delivery points for businesses and residences were centralized in FY 2014?
18. What percentage of established door-to-door delivery points for businesses and residences were centralized in FY 2014?
19. How did/does the Postal Service evaluate customer feedback related to the PostPlan and the Network Realization initiatives? Please provide any tabulated results and summary information by type of customer (residential, small/medium business, large business, etc.) collected in FY 2014.
20. In its review of the FY 2013 Report and FY 2014 Plan, the Commission recommended that the Postal Service include a customer experience performance indicator and target measure for large business customer experiences.<sup>7</sup> A recent United States Postal Service Office of Inspector General Audit Report on the Business Service Network (BSN) reported that the BSN customer experience survey excludes a large percentage of BSN customers.<sup>8</sup> Please specify which BSN customers receive the BSN customer experience survey and which do not, and explain the reasons why.
21. The following questions refer to BSN service requests.
  - a. How many BSN service requests did the Postal Service receive in FY 2014?
  - b. How many BSN service requests were resolved in FY 2014?
  - c. What was the BSN average resolution time for the FY 2014 service requests?
  - d. How does the Postal Service measure BSN customers contact experience with the following:

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<sup>7</sup> Docket No. ACR2013, Review of Postal Service FY 2013 Performance Report and FY 2014 Performance Plan, July 7, 2014, at 1.

<sup>8</sup> Office of Inspector General, United States Postal Service, Business Service Network Audit Report MS-AR-14-005, July 9, 2014, at 6.

- i. Post Office,
  - ii. Bulk Mail Entry Unit Staff,
  - iii. Detached Mail Unit Staff,
  - iv. Self-service on [www.usps.com](http://www.usps.com),
  - v. Sales Manager, and
  - vi. District Manager.
  
22. Please refer to Postal Service Responses to CHIR No. 5, question 5c.
  - a. Please describe the Interactive Voice Response (IVR) call back process for the Customer Care Center (CCC) Survey.
  - b. Do all retail transactions at POS-equipped facilities generate an invitation to take the POS survey?
  - c. Did all BSN customers who initiated a service request in FY 2014 receive a survey invitation? If not, please explain why.
  
23. The following questions refer to the Postal Service's CCC calls.
  - a. How many CCC calls did the Postal Service receive in FY 2014?
  - b. How many of the FY 2014 CCC calls involved speaking to a live agent?
  - c. Please describe the process for the random customer selection for the CCC IVR call back.
  
24. In the FY 2014 Report and FY 2015 Plan, the Postal Services states that it has "standardized the complaint-handling and resolution process by providing guidelines that give direction from initial contact through completion, with a quality resolution." Annual Report at 40.
  - a. Please describe the complaint-handling and resolution process.
  - b. How many customer complaints were received in FY 2014?
  - c. Of these complaints, how many were repeat complaints?
  - d. Of these complaints, how many were resolved?

25. Please refer to Library Reference USPS-FY14-38, Excel file CI Question Response Counts FY2014.xlsx, worksheet tab CCC-Live Agent and Library Reference USPS-FY14-38, PDF file CCC – USPS FY14 CCC Web Survey.pdf.
- a. The response counts for question 12 of the CCC Survey question (“Was the issue that you called about resolved, answered, or documented to your satisfaction?”) shows that approximately 60 percent of the respondents did not have their issue resolved, answered, or documented to their satisfaction or were still waiting for the Postal Service to address their issue at the time they completed the CCC Survey. Please discuss how the Postal Service resolves, answers, or documents the issues of these respondents.
  - b. How soon after a customer spoke with a CCC-live agent would the IVR call-back survey process occur?
  - c. Please provide the response values (rather than only the number) for the scale values 2, 3, and 4 shown in the ‘CCC – USPS FY14 CCC WebSurvey.pdf’ file provided in Library Reference USPS-FY14-38.
26. Please refer to the FY 2014 Cross-Portfolio Key Performance Metrics provided in Postal Service Responses to CHIR No. 5, question 9. Please provide a crosswalk linking each FY 2014 strategic initiative (see Annual Report at 73) to the corresponding FY 2014 Cross-Portfolio Key Performance Metric.
27. Please provide an Excel file with the disaggregated survey responses for each of the five survey instruments: BSN, POS, Residential Delivery, Small/medium business Delivery and CCC. Each survey respondent’s response should represent one row in the file including the geographic information for each customer survey specified in CHIR No. 5, question 3.<sup>9</sup> An example of how the

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<sup>9</sup> Chairman’s Information Request No. 5, February 3, 2015 (CHIR No. 5)

requested data by customer survey should be provided for each survey respondent is included along with this CHIR.<sup>10</sup>

28. The following questions relate to the FY 2015 strategic initiatives.
- a. Please provide a list of the FY 2015 strategic initiatives.
  - b. Please compare the FY 2015 strategic initiatives with the FY 2014 strategic initiatives using the same table format as the FY 2014 Initiatives table. Annual Report at 73.
  - c. Please refer to the FY 2015 Cross-Portfolio Key Performance Metrics provided in Postal Service Responses to CHIR No. 5, question 9. Please provide a crosswalk linking each FY 2015 strategic initiative to the corresponding FY 2015 Cross-Portfolio Key Performance Metric.
29. Please refer to Docket No. ACR2013, Library Reference USPS-FY13-38, December 27, 2013, PDF file USPS-FY13.Preface.pdf (USPS-FY13.Preface.pdf). The table under section I.C Methodology shows that approximately 2.2 million residential customer surveys were initiated and more than 300,000 responses were received from residential customers in FY 2013. By contrast, during FY 2014, about 470,000 residential delivery surveys were initiated, but approximately 7,000 were received.<sup>11</sup>
- a. Please discuss how the survey sample selection methodology changed between FY 2013 and FY 2014 for residential delivery survey customers. Please explain why the number of surveys initiated and received fell significantly in FY 2014 compared to FY 2013.
  - b. Please quantify the impact of the reduction in surveys initiated and received on the residential customer delivery measurement.

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<sup>10</sup> See the requested response file format shown in Excel file CustomersSurveysRespondentsResponses.xls, which is filed with this CHIR.

<sup>11</sup> See Library Reference USPS-FY14-38, PDF file USPS-FY14-38 Preface.pdf, December 29, 2014, Section I.C (USPS-FY14-38 Preface.pdf).

- c. Several survey questions were carried over from the FY 2013 residential customer experience survey into the new FY 2014 residential delivery survey. Does the Postal Service believe the FY 2013 and FY 2014 responses from these same questions between the two surveys are comparable measures? Please discuss.
30. Please refer to USPS-FY13.Preface.pdf. The table under Section I.C Methodology shows that during FY 2013, more than four million small/medium business customer surveys were initiated and nearly 300,000 were received. By contrast, during FY 2014, approximately 800,000 small/medium business delivery surveys were initiated and over 9,000 were received. See USPS-FY14-38 Preface.pdf, Section I.C.
- a. Please discuss how the survey sample selection methodology changed between FY 2013 and FY 2014 for small/medium business delivery survey customers. Please explain why the number of surveys initiated and received fell significantly in FY 2014 compared to FY 2013.
- b. Please quantify the impact of the reduced number of responses on the small/medium business customer delivery measurement.
- c. Several survey questions were carried over from the FY 2013 small/medium business customer experience survey into the new FY 2014 small/medium business delivery survey. Does the Postal Service believe the FY 2013 and FY 2014 responses from these same questions between the two surveys are comparable measures? Please discuss.
31. The Postal Service Responses to CHIR No. 7<sup>12</sup> explained the differences between the number of delivery points shown in the Excel file DeliveryPointsFY2014.xlsx provided in Library Reference USPS-FY14-33 and

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<sup>12</sup> Responses of the United States Postal Service to Questions 9 and 12-13 of Chairman's Information Request No. 7, February 23, 2015, question 9 (Postal Service Responses to CHIR No. 7).

the Annual Report at 45. The differences are that the number of delivery points in Library Reference USPS-FY14-33 does not include Post Office Box routes and only includes active delivery points; whereas the number of delivery points in the Annual Report include both active and inactive delivery points.

- a. What are the differences between active and inactive delivery points? Please include in your response which types of delivery points would be considered active and which types of delivery points would be considered inactive.
  - b. Does the number of delivery points provided in Library Reference USPS-FY14-33 include highway contract route delivery points?
  - c. Please describe the types of delivery points contained in the BUS OTH1 and RES OTH1 columns of the Excel file DeliveryPointsFY2014.xlsx provided in Library Reference USPS-FY14-33. If the delivery points contained in the BUS OTH1 and RES OTH1 columns are something other than door-to-door delivery points, please provide the number of delivery points along with a description of each type of delivery point.
  - d. Please discuss the rationale for including inactive and active delivery points in calculating the Postal Service's Deliveries per Hour (DPH) measure.
32. Please refer to the worksheet tabs Beginning FY14 and End FY14 in the DeliveryPointsFY2014 Excel file provided in Library Reference USPS-FY14-33. By the end of FY 2014, the referenced worksheets show a decrease in total active delivery points. The delivery points data in the Annual Report show an overall increase in the total number of delivery points between FY 2013 and FY 2014. Annual Report at 45. Is the increase in delivery points discussed in the Annual Report due to an increase in the number of inactive delivery points? Please explain.

33. Please refer to the Excel file ChIR5.Q7.DPH FY15 provided with the Responses to CHIR No. 5, question 7.<sup>13</sup>
- a. Line 28 of the FY 14 Actual DPH worksheet contains the following entry: “eFlash possible deliveries are the weighted average for the year, so no averaging is needed.” Please discuss the weighting process and what delivery components are being averaged.
  - b. The delivery point totals used and shown (e.g., FY 2013) differ from what was provided to the Commission in Docket No. ACR2013, Responses of the United States Postal Service to Questions 1-9 of the Chairman’s Information Request No. 10, March 4, 2014, question 7 in the ChIR10.Q7 – DPH Calculation Excel file. Please reconcile the differences between the Excel files and specify whether the FY 2014 DPH calculation methodology and/or the data source changed.
34. The Postal Service states that the FY 2015 targets for each Customer Service Measure were “determined by applying the revised National Performance Assessment scale.” Postal Service Responses to CHIR No. 5, question 2.f. Please explain what the National Performance Assessment scale is and provide worksheets showing how the FY 2015 customer service performance measure targets were derived.
35. Please refer to Postal Service Responses to CHIR No. 5, question 2.e and Annual Report at 39. For the FY 2015 customer target values shown in the Annual Report, in light of the FY 2014 results provided in the Postal Service’s responses:
- a. Please discuss the reason why the FY 2015 Customer Insights target is lower than the FY 2014 result.

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<sup>13</sup> Responses of the United States Postal Service to Questions 6 and 7 of Chairman’s Information Request No. 5, February 18, 2015 (Responses to CHIR No. 5).

- b. Does the FY 2015 BSN target (94) differ from the FY 2014 result (94.05)?
- c. Please discuss the reasons why the FY 2015 targets are 10-15 points higher than the FY 2014 results for the POS, Delivery, and CCC customer service performance measures.

By the Acting Chairman.

Robert G. Taub