

Before the
POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Service Performance Measurement :
Systems for Market Dominant Products : Docket No. PI2015-1

INITIAL COMMENTS OF THE GREETING CARD ASSOCIATION

The Greeting Card Association (GCA) files these Comments pursuant to Order No. 2385 (March 9, 2015). They concern two aspects of service performance measurement (SPM) for Single-Piece First-Class letter mail. In one case, the issue is present under the existing measurement system, and it is whether it has been adequately addressed in planning the new one. In the other, the new system may produce less comprehensive results than the one it would replace. The two problems are interrelated, at least so far as concerns a possible resolution.

I. Mail left for carrier pickup

The Postal Service has reported that mail left for pickup by carriers constitutes 38 percent of all Single-Piece First Class.¹ The proposed SPM system, like the existing EXFC system, would not collect First Mile Impact information for this mail.

While a system which omits a substantial portion of the relevant mail might seem suboptimal, the Postal Service offers two justifications for the arrangement. First, it states that

¹ Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 2, Response 1(a) (April 2, 2015).

Since single-piece First-Class Mail, irrespective of its induction as outgoing mail in a blue collection box, at a postal retail counter, or at a customer mail receptacle, follows the same general mail process flow (i.e., dispatch from retail/delivery units to mail processing centers), scans at collection points and retail facilities serve as reasonable proxies for the mail left at customer mail receptacles.^[2]

The Postal Service's view that such a proxy is reasonable may indeed turn out to be correct. It is not clear, however, from the information now available, that it is.

There might be no objection to the proposed proxy if Single-Piece First-Class mail followed the same path to delivery units without regard to how it was collected (i.e., from collection points or from customer receptacles). At least there would be no a priori reason to expect any difference in transit time if mail from both collection sources were identically collected and carried to the relevant facility.

In fact, however, there appear to be distinct route types for delivery and collection. Postal Service management documents reflect this distinction. Handbook M-39, section 112, describes separately the various types of carrier routes. Section 112.1 details the various types of Delivery Routes (Business, Residential, and Mixed), and section 112.2 conveys similar information for several kinds of Collection Routes (Foot and Motorized on one axis; Business, Residential, and Mixed on a second). The RM2015-7 study cited in the responses to CHIR No. 2 also recognizes this distinction.³

If Single-Piece mail deposited at collection points is collected through one distinct route type, having collection as its only or at least predominant function, and mail left in customer receptacles through a quite different one (i.e., a delivery route of one or another type), the open question appears to be whether they can

² Id., Response 1(b).

³ Docket RM2015-7, Report on the City Carrier Street Time Study, pp. 30, fn. 13, 36.

be counted on to reach the next stage with the same degree of expedition. The significance of the distinction is clear from the study supporting the RM2015-7 proposal. It included a separate supporting study addressing collection volumes, and in the course of describing this effort, the Report observes that

. . . [N]early all collection volume obtained by regular letter carriers (as opposed to special purpose route carriers who sweep street letter boxes) came from customer receptacles.[⁴]

This suggests that there is little overlap between the mail collected from street letter boxes and that picked up from customers' receptacles by delivery carriers.

Unlike street letter boxes, customer receptacles have no pre-established pickup time. The time of day at which mail left for delivery carriers to collect is actually collected may vary for a number of reasons: weather and driving conditions, delivery volume, and even the volume of customer-receptacle mail which must be picked up on the day in question. This circumstance suggests that mail from customer receptacles may in fact not reach the next stage on the same schedule as mail collected from street letter boxes and building mail chutes.

For these reasons, GCA has difficulty in accepting as valid the proposed proxy. At this point, however, the second justification for omitting mail left for carriers becomes relevant. The Postal Service explains that

. . . Due to the lack of predictability of when mail may be left at a customer mail receptacle, it would be difficult to design an effective solution to ensure the same level of scan execution without a significant number of false positives (polling a carrier to scan mail at a customer mail receptacle when no outgoing mail is present).⁵

GCA does not disagree that – taking it as given that the new SPM system is to be invariably “scan driven” – a *permanent* solution to the problem the Service de-

⁴ Id., p. 36

⁵ Responses to CHIR No. 2, Response 1(b).

scribes would be difficult. That said, we continue to believe that some steps should be taken to validate the proxy the Service proposes to use. Such an effort would, more or less by definition, *not* be built into the new SPM system, of which the proxy we have questioned is an integral part. It could take the form of a special study focused on determining whether collection point mail is in fact adequately representative of all Single-Piece First-Class. If it is, the proposed system should perform as expected.⁶ Without some such validation, however, it will remain questionable whether the new SPM adequately reflects service performance for Single-Piece First-Class mail.

II. Stamped mail

The existing EXFC system for Single-Piece First-Class Mail is described by the Postal Service, as regards the question GCA is raising, in these terms:

. . . EXFC mailpieces are designed to resemble the rest of the Single-Piece First-Class Mail mailstream; pieces are hand- or machine-addressed, stamped and are of different colors, sizes, and weights. Test piece characteristics are updated annually based on data provided by ODIS on volumes by indicia, shape, and weight. [7]

The proposed new system, on the other hand, appears to exclude stamped pieces entirely. Piece information forms the second part of the “composite” (CPMS data forming the first):

For the second part of the composite, the carrier will scan barcoded mailpieces from randomly selected collection points. Enough collection points and mailpieces from the collection points will be sampled to ensure a certain amount of coverage, to accommodate any unforeseen issues that may arise with the selected collection point scans. . . .

⁶ Such a special study might proceed by engaging an adequate number of customer – analogous to the “droppers” used in the EXFC system – to leave scannable mailpieces for collection by delivery carriers.

⁷ Revised SPM Report, p. 22.

In addition, retail clerks will be randomly prompted to scan mailpieces coming across the retail counter, in order to incorporate those pieces into the First Mile Impact score. [8]

The new system thus appears to rest entirely on scans of mailpieces whose indicia provide the piece with an “identity” which can be tracked through the Processing and Last Mile phases. This, clearly, is not a characteristic of stamped pieces. They apparently can receive such an “identity” in the Processing phase; the Postal Service explains that “[w]hen a mailpiece goes across automation equipment, a unique IMb, ID Tag, or FICS ID Tag is applied to the piece.”⁹ If “automation equipment” in this context includes facer-cancellers, then it seems that a stamped piece could become identifiable. At this point, however, there is no more possibility of obtaining First Mile Impact information for it.

In FY 2014, stamped pieces accounted for 55 percent of the Single-Piece First-Class Letter mailstream (11.444 billion of 20.600 billion pieces).¹⁰ Thus it would seem that no First Mile Impact information will be collected for more than half of the relevant mailstream.

It may indeed be reasonable to assume, at least in the absence of indications to the contrary, that all the Single-Piece letters picked up from a given collection point will receive the same treatment regardless of indicia type. If this assumption is made, then the information recorded by scanning IMb, IBI, or PC postage indicia can be ascribed to the stamped pieces as well. If the First Mile Impact data collection process covered the entire spectrum of Single-Piece First-Class letters, the assumption and the conclusions resting on it might be satisfactory. But as we have seen already, it does not.

⁸ Id., p. 24.

⁹ Id., p. 25.

¹⁰ First Class and Standard Mail by Indicia FY 2014, in RPW by Shape and Indicia, USPS-FY14-14, Docket No, ACR2014.

III. Intersection of the two problems

In section I we discussed the omission from the proposed SPM system of letters left for carrier pickup. This, admittedly, is also a questionable feature of the existing EXFC system. The new system, however, leaves out both carrier-pickup pieces (regardless of indicia) and stamped pieces (regardless of where they are collected).

If we accept, for argument's sake, the collection-point proxy discussed in section I, then the omission of stamped mail may be a less serious problem. That is: if (i) collection-point mail accurately reflects the behavior of customer-receptacle mail as well, and (ii) collection-point mail behaves identically regardless of indicia, then the proposed SPM system seems capable of producing the expected results. As noted earlier, it seems reasonable to assume condition (ii) in the absence of evidence to the contrary. But this is not true of condition (i), for reasons we have explained above. Absent adequate validation of the proxy the Postal Service proposes to use, it remains unclear that the proposed SPM system will reflect the performance of Single-Piece First-Class mail with adequate accuracy.

IV. Conclusion

For the reasons explained above, GCA believes that the Commission should not approve the proposed adoption of the new internal SPM system for Single-Piece First-Class Mail in place of the existing external (EXFC) system without requiring adequate actions by the Postal Service to validate the proxy under which service performance for mail left for carrier pickup is presumed identical with that for collection-point mail.

April 8, 2015

Respectfully submitted,

GREETING CARD ASSOCIATION

David F. Stover
2970 S. Columbus St., No. 1B
Arlington, VA 22206-1450
(703) 998-2568
(703) 998-2987 fax
E-mail: postamp@crosslink.net