

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

**SERVICE PERFORMANCE MEASUREMENT
SYSTEMS FOR MARKET-DOMINANT PRODUCTS**

DOCKET NO. PI2015-1

**COMMENTS OF THE ASSOCIATION FOR POSTAL COMMERCE,
IDEALLIANCE, AND NATIONAL ASSOCIATION OF PRESORT MAILERS
(April 8, 2015)**

The Association for Postal Commerce (“PostCom”), joined by the IDEAlliance and the National Association of Presort Mailers (“NAPM”), (collectively “Joint Commenters”) appreciate this opportunity presented by the Postal Regulatory Commission (PRC) to provide comments in response to its Order No 2336, Docket No. PI2015-1, Service Performance Measurement Systems for Market-Dominant Products.

In the Joint Commenters’ view, the main purposes of the USPS’ service performance measurement and reporting system is to drive service improvement and ensure that Market Dominant mail categories receive the level of service paid for in the price of the mail by accurately measuring and reporting service performance. Consistent, reliable, and predictable delivery service is imperative in order for mail to compete with the ever-growing list of alternative media available today. With each day that mail is delivered past its service standard, the value of the mail is significantly diminished, and the costs of poor service to the sender increase as customer complaint calls increase, subscriptions are at risk of cancellation, advertisers look at alternative media, multi-channel activities timed to coincide with delivery are put at risk, 2nd notices are sent out to customers, or other actions are taken because the mail was not delivered on time.

With these goals in mind, we welcome this opportunity to evaluate whether the changes proposed by the Postal Service will help it achieve service improvements and help ensure that acceptable service levels are achieved and maintained by accurately measuring and reporting service performance. While the comments below focus primarily on changes affecting commercial mail classes, we begin with the proposed changes to Single-Piece First-Class Mail for ease of reference.

I. Proposed Changes to Single Piece First-Class Mail Measurement.

The USPS in its plan proposes extensive changes in the way in which service performance for Single-Piece First-Class Mail is measured, including elimination of the existing EXFC system and implementation of a new internal measurement system for this category.

Because the measurement processes proposed by the Postal Service for Single Piece First-Class Mail entirely replace the existing EXFC process and include a complex set of sampling and scanning processes, we highly recommend that the USPS run both measurement systems in parallel for a sufficient period of time to ensure that the new measurement processes accurately return the same performance data or better than the established EXFC process does.

II. Proposed Changes to Commercial First-Class Mail, Periodicals, Standard Mail and Package Services Measurement.

The USPS in its plan proposed changes in the manner in which it calculates the stop-the-clock for service performance, with the Last Mile impact calculated based on a carrier sampling

of randomly selected mailpieces at delivery. We address these changes as part of our discussion around business rules in Section III of our comments.

III. Proposed Changes to Business Rules.

The USPS in its plan includes changes to the business rules that apply to service performance measurement systems and reporting. These rules are critical to the accuracy and representativeness of service performance measurement since they establish how the USPS starts the clock for service performance measurement, how it stops the clock, and how it calculates the number of days in between.

- Inconsistent Terms Around Start-the-Clock Definition. Throughout its Service Performance Measurement plan, the USPS uses a variety of terms to describe how the Day 0 for start-the-clock purposes is determined depending on the day and manner of mail entry. Terms such as “the next applicable acceptance day,” “the next business day,” “the next acceptance day for that facility,” “the next processing day,” etc., are used apparently interchangeably in the USPS’ plan. But these terms are not used consistently nor are they adequately defined for purposes of determining the start-the-clock, nor do they all mean the same thing. For example, the “next acceptance day” in a facility might be one or more days following the day of mail entry if the facility’s acceptance days do not include weekends or holidays (e.g., for mail entered on a Friday, the next acceptance day might be Monday or Tuesday, in the case of a holiday Monday). Should it be assumed that the “next processing day” is the next day of the week, omitting Sunday?

And does the “next business day” mean the next day that the facility is open, or has open retail hours?

We recommend that the USPS define all such terms in its plan and use one term consistently in cases where the same rule applies.

- Customer/Supplier Agreements (CSAs). In its proposed business rules, the USPS states in Section 2.2 that “Customer/Supplier Agreements are no longer used to drive Start-the-Clock for BMEU entered mail.” It states that the Start-the-Clock event for mail deposited at a BMEU will be the mail arrival time as recorded by postal personnel in PostalOne! upon mail arrival at the BMEU and then compared against the national CET. In sections 4.1 and 6.1 of its plan, however, the USPS indicates that “For First-Class Mail, CET varies based on the container preparation, induction method, entry location type and Customer/Supplier Agreement.” And in its Glossary section, the USPS defines CSA saying, “A Customer/Supplier Agreement (C/SA) is a written notice that confirms, for a commercial mailer, the origin-entry acceptance window during which First-Class Mail that meets applicable preparation requirements will be considered to have been entered into the postal network on “Start-the-Clock Day zero,” for purposes of service performance measurement.” Because of these conflicting statements, it is unclear whether any Customer/Supplier Agreements would include specifications that drive a determination of Critical Entry Times (CETs) and Start-the-Clock. We recommend that the USPS revise these sections to more clearly explain whether and how a CSA can determine CETs or start-the-clock.

CSAs are very complex agreements between the Postal Service and the mailer which require regular review to ensure that they are in alignment with USPS network and service standard changes. If the agreements determine the start-the-clock and Critical Entry Times (CETs) for mail presented by these businesses and if the specifications are not in alignment with existing USPS network and service standard changes, the result can be automatic service failures. In addition, it is unclear how the data contained in customer-specific CSAs would be brought into the service performance measurement system.

We recommend that 1) the Postal Service take steps to review the existing CSAs to ensure that they accurately align with the current USPS' network and transportation requirements in order to achieve desired service standards; 2) the Postal Service provide information on how the data contained in CSAs is brought into the service performance measurement system; and 3) a periodic independent review of CSAs be conducted to ensure that the data in the CSA is current and reflected in the service performance measurement system.

- Start-the-Clock Determination Based on USPS Container Scans. The USPS in its plan outlines how its Surface Visibility (SV) container unload scans (or IMDAS container unload scan at non-SV sites) will be used to determine the start-the-clock for service performance measurement. We have two main issues around this aspect of the plan: 1) the USPS even after several years of intense education/training still has not managed to

consistently maintain acceptable container scan rates at all its facilities; and 2) container unload scan rates may not be an accurate measure of when mail arrives at a postal facility.

The first point (the USPS' container scan rate at all facilities) may be more appropriately addressed in the data exclusion section of our comments, but in a nutshell when the USPS employee does not scan the container upon mail entry, there is no start-the-clock and the mail is excluded from service performance measurement. We recommend that the Postal Service's container scan rates be reviewed by facility over time to ensure that an acceptable level of performance is attained and maintained. If the Postal Service is unable to attain and maintain an acceptable level of container scanning performance, we recommend that an alternative start-the-clock method be explored, but we emphasize that any alternatives must be developed in collaboration with industry to ensure that all mailers would be able to comply with any associated requirements. In our comments below, we describe additional rationale for exploring a mutually acceptable solution between the Postal Service and industry.

On the second point, we believe that an additional method for determining the start-the-clock for service performance measurement should be explored that accurately measures when the mail arrives at the postal facility for unload. Today, there are situations where mailer-transported trucks arrive at postal facilities and are kept waiting sometimes for hours past their scheduled appointment time. There are also situations where containers may be unloaded and staged in the postal facility but not scanned as arrived until sometime later, which could be after the CET for the mail resulting in a start-the-clock of the next day. We do not know, nor does the Postal Service, how often

these situations occur and the extent to which these situations impact accurate service performance measurement. There also are situations where a mailer-transported trailer may arrive significantly after its appointment time for a variety of reasons.

We urge the Postal Service to more aggressively explore an additional start-the-clock solution that will fill in the gap that exists today between when mailer-transported mail arrives at a postal facility for unloading and when the USPS scans a container at some point after the vehicle is unloaded. In this manner, the current gap between when mail actually arrives at a postal facility and when it is unloaded can be determined so that the USPS can resolve any issues around those processes.

- Start-the-Clock Determination Using FAST. The USPS in its plan outlines the ways in which it will calculate start-the-clock for DMU-verified mail using mailer transportation and destination-entered drop shipped mail at postal plants, both of which will be determined in part by the mailer's FAST (Facility Access and Shipment Tracking system) appointment and actual arrival time at the postal facility. The USPS lays out all the ways in which start-the-clock would be calculated depending on whether the mail arrives at the postal facility early, on time, or late compared to the FAST appointment. While some of these business rules are already in place today, the USPS' plan expands the use of FAST data to start-the-clock in more scenarios.

The business rules, procedures, and training around how FAST should be used to record accurate start-the-clock need to be reviewed and improved. While all appointments should be closed out in FAST, there are issues around the

accuracy/completeness of that process in some situations. For example, when an LTL carrier brings in shipments of mail from multiple logistics sources, the USPS only closes out the LTL carrier's umbrella appointment. For multi-stop appointments, if a carrier is held up at a postal facility, the facility is supposed to call the next facility to advise them of the delay so the carrier is not penalized or sent to the back of the line at the next stop. In many cases that does not happen, which then impacts how the mail is handled at the next stop, how information is recorded in FAST, the start-the-clock, and ultimately how service performance is measured. There are a variety of other issues around multi-stop appointments and FAST which can impact the accuracy of the start-the-clock information or cause no start-the-clock. Logistics providers find that in many cases, the arrival times on the 8125 hardcopy forms don't match the USPS' close out information in FAST. There are circumstances where postal facility staff do not unload mail until after the CET, which changes the Day 0 to the next day. There are inconsistent and inadequate procedures in place to accurately record when trucks arrive at postal facilities, particularly at the SCFs.

The Postal Service and the mailing industry are engaged in several ongoing MTAC efforts in an attempt to make the FAST system work in the manner in which it was intended. The system involves an outdated legacy system and is limited in its capabilities. In addition, USPS policies around how appointments are established in FAST and made available to mailers drive inefficient use of the system by mailers. Better procedures and policies need to be put in place around multi-stop appointments, how the USPS records truck arrival time at postal facilities, how quickly mail is unloaded upon

arrival, and other FAST improvements. There are myriad issues with the system and policies around it that the USPS and industry have yet to resolve. We recommend that until these significant issues are resolved, the USPS work with industry to determine the most accurate method possible to determine start-the-clock for these mailings.

- Stop-the-Clock Determination. The USPS in its plan lays out new methods for determining the stop-the-clock for commercial mail which include the last processing scan (Stop Scan) from mail processing equipment (MPE) for individual pieces, handheld scans for pieces within a bundle, and a delivery event date captured by the carrier. The USPS notes that a final MPE scan will be used to establish the anticipated delivery date for mail with Full Service IMbs, and

“[i]f the Stop Scan time is earlier than or equal to the standard Clearance Time (CT) of the facility type and operation code type, the Anticipated Delivery Date is the Stop Scan Date. If the Stop Scan time is later than the standard Clearance Time for that facility type and operation code type, the Anticipated Delivery Date is the day after the Stop Scan date, excluding Sundays and holidays. Stop-the-Clock scans performed by Postal Service personnel are combined with scans collected by carriers to determine the transit-time from final processing to actual delivery, known as the last mile delivery factor.”

It is unclear how the USPS ensures that facility Clearance Time (CT) data is routinely reviewed for accuracy and updated to reflect changes in facility operating windows, consolidations, network changes or other changes that would impact the facility's CT. In addition, mailers do not have access to CT information and therefore cannot establish reasonable expectations of the stop-the-clock/anticipated delivery based on the last processing scan data.

The USPS also said that when a carrier captures the delivery event for a randomly selected mailpiece, the scan date will be the Stop-the-Clock. The USPS has not yet determined the random sampling methodologies to be used, which it said at the March 18, 2015, technical conference held at the PRC would be determined by its existing external EXFC contractor. Until such time as more information is available on the specific methodologies the USPS will utilize to determine the random sampling, we cannot fully comment on that portion of the proposed changes. We recommend, however, that the USPS conduct sufficient testing with the new methodologies and sampling procedures and compare results to what currently is provided through the EXFC reporter and last scan methodology to ensure that the service performance data returned is equal or better than that returned today. We request that this data be shared with the mailing industry when it becomes available.

The USPS also put forth in its plan to the PRC changes to how the Last Mile Delivery Factor will be calculated. Currently, the USPS said, its external measurement contractor calculates delivery factors and applies those factors to calculate service measurement for those categories of mail. Distinct delivery factors were developed for

mail segments based on mail class, shape, DPS secondary sort/FSS sort, non-DPS secondary sort/FSS sort, mail with final processing at the expected destination plant, and mail with final processing not occurring at the expected destination plant. The USPS proposes that in the future, its internal measurement system will calculate delivery factors and apply those factors to calculate service measurement for categories of mail. The delivery factors will continue to be distinct for the same mail segments as today.

As stated previously, until the exact methodologies to be used by the Postal Service in its proposed service performance measurement are known, it is difficult to comment on that aspect of the plan. Again, we recommend that the USPS conduct sufficient testing with the new methodologies and sampling procedures and compare results to what currently is provided through the EXFC reporter and last scan methodology to ensure that the service performance data returned is equal or better to that returned today. We request that this data be shared with the mailing industry when it becomes available.

- Data Exclusions from Service Performance Measurement. The USPS in its plan outlines the process today for validating the accuracy and integrity of the data included in its EXFC service performance measurement calculations, which are performed by its external contractor. It outlined an extensive list of the types of quality checks and data exclusions for each measured category.

The process currently utilized by the Postal Service to validate the accuracy and integrity of data included in the internal portion of its service performance measurement

system is not clear. Is this process performed today for non-EXFC mail? Will the existing process be extended to Single-Piece First-Class Mail under the revised measurement process? What part of the USPS performs this activity today?

We strongly recommend that some type of data integrity/accuracy validation be performed periodically to review the data being excluded from the internal service performance measurement and reporting systems. This validation should be performed independently from the USPS group responsible for service performance measurement/reporting.

In addition, the USPS in its plan included the following new data exclusion: “High Delivery Days: The time between Start-the-Clock and Stop-the-Clock is 30 days or more for Presort First-Class Mail and 45 days or more for Standard, Periodicals, and Bound Printed Matter (Flats) Mail.” We oppose the inclusion of this new business rule for data exclusion from service performance measurement. It should not be assumed that just because mail is taking too long to be delivered that the information is not accurate, as is implied by excluding this mail from measurement. There are many reasons that could result in mail taking this long to be delivered and that data should be included in service performance measurement. We note that for Standard Mail, the service standard itself can be as long as 27 days for end-to-end mail traveling outside the contiguous United States, and it is certainly believable that delays could result in this mail taking more than 45 days to be delivered.

In addition, we note that there are significant volumes of mail being excluded from service performance measurement because the USPS has not established procedures

to “start the clock.” For example, First-Class Mail that is loaded on a UPS truck and then flown on a UPS plane to its destination city is excluded from measurement as USPS-contracted transportation that is direct from mailer to its destination is normally excluded. This is just one example of data exclusions that occur because there are not procedures in place to start-the-clock for service performance measurement.

IV. Service Performance Measurement Data Quality

The USPS has not outlined in its plan how it intends to ensure that the data obtained from its internal measurement system for Single-Piece First-Class Mail is accurate and complete. Today, the USPS’ external contractor performs data quality checks, as outlined in the USPS’ plan, but there is no information on how data quality will be ensured under a fully internal USPS system of measurement. We recommend that the USPS be subjected to a periodic independent audit of its internal measurement systems to ensure data accuracy and completeness.

V. USPS Service Standards

Although service standards themselves are not specifically cited as part of this proceeding, they are the foundation upon which service performance measurement is built and as such, should be more visible to users of the postal system. Improvements are needed in the manner in which the USPS provides information on its service standards to consumers. The only place that the USPS’ current service standards can be found is on its RIBBS web site and even then there is not a simple chart showing the service standards customers can expect for Market

Dominant mail categories. The USPS does provide on its RIBBS web site a tool (https://ribbs.usps.gov/modernservicestandards/ssmaps/find_map.cfm) where a service standard map can be displayed showing 3-digit ZIP Code to 3-digit ZIP Code service standards, but it is neither easy to find or necessarily easy for the general consumer (or mailer) to use.

Service standards information should be prominently provided on the USPS' web site, should be part of the results returned when consumers search on prices for various mail categories, and should be available as a simple chart for business mailers.

VI. Service Performance Measurement Reporting

The PRC in its Order No. 2336 states that “[i]nterested persons are invited to comment on any or all aspects of the Postal Service’s new proposals for service performance measurement and reporting systems.” The Postal Service, PRC and industry have now had six years of service performance reporting using the original formats approved by the PRC in 2008 (with the addition in 2012 of additional reporting formats filed to the PRC). We are disappointed that the Postal Service in its proposal did not attempt to improve the existing reporting on service performance measurement. Accordingly, PostCom, the IDEAlliance, and NAPM offer the following thoughts on improvements to the USPS’ service performance measurement reporting systems that we feel will better drive service improvements, more accurately reflect performance, and help ensure that the needed performance levels are attained.

- Visibility of Performance Reporting. The USPS currently reports its service performance on a quarterly basis as required by the PRC. There are two sets of data

the USPS publishes which can be obtained by the public and mailing industry: Data published by the USPS on its web site (<http://about.usps.com/what-we-are-doing/service-performance/>) and data filed by the USPS at the PRC on a quarterly basis. The latter set of reports (which include Excel spreadsheets) break out the service performance measurement results more finely than the reports the USPS publishes on its web site.

The more in-depth break out of service performance is more valuable to the mailing industry (and obviously to the USPS' regulator since it requires the finer break out) because it more accurately shows service performance data representative of a specific mail category. When performance data is blended together into a very broad category of mail, it becomes hard to see service deficiencies or improvements in a specific mailstream. For example, in Standard Mail the service performance of letter-shaped pieces is nearly always significantly better than the service performance for flats-shaped pieces. This can be seen in the reports the USPS files at the PRC that break out the data more finely, but is not apparent in the combined Standard Mail category reports published by the USPS on its web site.

We recommend that the USPS publish the same sets of reports on its web site as it does at the PRC, which will not only provide more consistent service performance measurement reporting and less confusion, but also increase visibility of the data reported to the PRC at the finer break out level. Alternatively, the PRC could develop a page on its web site that maintains the reports filed by the USPS in an easy to read format.

- Frequency of Service Performance Measurement Reporting. The PRC currently requires the USPS to publish service performance measurement results on a quarterly basis. As stated previously, the sole purpose for service performance measurement and reporting should be to drive service improvement and ensure that service is being provided at acceptable levels. It is our belief that more frequent reporting of service performance (e.g., monthly) would more effectively drive USPS service improvements by providing industry, the USPS, and the PRC a closer look at service performance over a shorter period. In the same manner in which combined mail category reporting does not reveal service performance issues experienced by a particular type of mail, reporting service performance over a longer period may not reveal issues that may not last an entire quarter but have no less severe an impact on users and recipients of the mail.

Since the Postal Service has begun reporting IMb Full-Service data to mailers and service providers through its Mailer Scorecard tool and will be assessing additional postage for non-compliance with mailing requirements on a monthly basis, that same data should be available for it to report service performance on a monthly basis. Indeed, the USPS has advised mailers that it will be providing them with their service performance measurement exclusion percentages as part of their Mailer Scorecard in the near future. In addition, the Postal Service no longer will be relying on an external measurement system where it may take time to meld the results from the two systems in order to publish service performance reports.

Accordingly, the data should readily be available for the USPS to publish monthly aggregate service performance reports with the same break outs that it uses today for its quarterly reports to the PRC. If there are valid issues when reporting on a monthly basis that at times, data might be revealed in a manner that the Postal Service or PRC feel is competitively sensitive for a subset of mailers (for instance, due to volumes in a specific cell that come from one mailer, etc.), that specific data could be omitted from public reports along with an explanation in the Postal Service's narrative.

- Service Variance Reporting. The Postal Service currently provides Service Variance reports on a quarterly basis but only provides data showing out to 3 days beyond the applicable service standard. A more meaningful report would list the mail variance percentage for each day beyond the service standard until the percentage reaches 99% of the mail, and we recommend the Postal Service adopt this approach.

- First-Class Mail Reports. The Postal Service reports service performance for First-Class Mail (both Single Piece and Presort) with separate reporting for mail with overnight, two-day, and three/four/five day service standards. We continue to recommend that the Postal Service separately report performance of three-day service standard First-Class Mail from that with four/five day service standards. The latter is largely comprised of 3-digit ZIP Code pairs that include the non-

contiguous United States. Combining service performance for those pieces with three-day service standard volume does not allow for adequate evaluation of service performance to the non-contiguous United States ZIP Code areas.

- Reporting for Mail with Change of Address (COA). We also urge the Postal Service to explore with the industry a way to report service performance measurement for mail that has been forwarded/returned as a result of a customer Change of Address (COA). Today this mail is excluded from service performance measurement, but with the implementation of technology systems such as PARS (Postal Automatic Redirection System), the USPS should be able to provide some level of service performance measurement reporting on these pieces.

VII. Conclusion

We recognize and appreciate that the Postal Service continues to develop and fine-tune its service performance measurement and reporting systems, and hope that it will continue to work closely with its customers and mail service provider partners on continued development of measurement and reporting systems that will drive service improvements and ensure that the value and relevance of mail are maintained by providing consistent, reliable and predictable delivery service.

Respectfully submitted,

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