

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

SERVICE PERFORMANCE MEASUREMENT
SYSTEMS FOR MARKET DOMINANT PRODUCTS

Docket No. PI2015-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 5 THROUGH 7
OF CHAIRMAN'S INFORMATION REQUEST NO. 3
(May 11, 2015)**

The United States Postal Service hereby files its responses to Questions 5 through 7 of Chairman's Information Request No. 3 (May 1, 2015). The questions are stated verbatim and followed by the responses.

Responses to Questions 1 through 4 are forthcoming.

Respectfully submitted,

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5. In Docket No. ACR2014, Library Reference USPS-FY14-14, folder "RPW by Shape and Indicia", file 'First Class and Standard Mail WGTI.xlsx', worksheet 'FCM by Indicia', the Postal Service provides the breakdown for single-piece First-Class Mail by Indicia.

a. Please confirm that the scanning device will be unable to scan all stamped letters, cards and flats (such as unbarcoded mail) and, therefore, these mailpieces will be excluded from the First Mile Impact service performance measurement. If not confirmed, please explain.

b. Please confirm that mail with IBI barcodes contain all the information required for service performance measurement. If not confirmed, please explain.

c. Please describe the types of mailers that send single-piece First-Class Mail displaying the IBI barcode. Please indicate the percentage of mail with the IBI barcodes originated by business, government or private mailers, and provide the numbers separately by shape.

d. For First-Class Mail single-piece letters, cards and flats, please indicate if any metered mail, mail with permit imprint or PVI label have a scannable barcode that would provide all the information required for the First Mile Impact service performance measurement.

e. Please indicate what type of mail is included in the indicia category "other." Please indicate if any of this mail will be subject to service performance measurement.

RESPONSE

a. Confirmed that the absence of a barcode on unbarcoded mail results in such mail being excluded from First-Mile service performance measurement. However, unbarcoded mail will be represented by sampled prebarcoded pieces that follow the same First Mile operational path.

b. Confirmed. To clarify, the contents within the IBI are not used for measurement. The IBI is used as a unique license plate for the mailpiece, which allows the proposed measurement system to match the First Mile sample scan to the First Processing scan in order to measure the First Mile.

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- c. Any type of mailer could use a postage meter or PC-Postage, which produces an IBI barcode. Single-Piece First-Class Mail IBI non-postal use for FY 2014 is reflected below. Data are not captured in a manner that distinguishes non-government users on the basis of whether they are private (individuals) or businesses:

| Mailer Type | Letters | Cards | Flats | Parcels |
|--------------------------|---------|--------|--------|---------|
| Private And Business | 99.0% | 99.8% | 97.5% | 99.4% |
| Government (Except USPS) | 1.0% | 0.2% | 2.5% | 0.6% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

- d. Metered mail would have an IBI barcode, which can be used as a unique license plate for the mailpiece, allowing the proposed measurement system to match the First Mile sample scan to the First Processing scan. Mail with Permit Imprint may or may not have a unique mailer-applied IMb which could be leveraged for First Mile measurement. Mail with PVI labels are unlikely to have a unique mailer-applied IMb which could be leveraged for First Mile measurement.
- e. "Other" includes franked mail, armed forces free mail, absentee ballots, unauthorized penalty indicia, and pieces containing multiple indicia with no stamps. Both armed forces free mail and absentee ballots originating overseas would not be included in First Mile measurement. Otherwise, any prebarcoded "Other" mailpieces could be included in First Mile measurement. Any "Other" mailpieces that are prebarcoded or obtain a

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barcode at the outset of mail processing could be included in Processing
Duration and Last Mile measurement.

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6. In Responses to CHIR No. 1, question 16, the Postal Service indicates that mailpieces with ancillary service barcodes (Certified Mail, Registered Mail, etc.) that enter the mailstream at retail counters will be included in the First Mile Impact. In Responses to CHIR No. 2, question 1, the Postal Service states that 29 percent of single-piece First-Class Mail is induced into mailstream "from customers across the window or dock."

a. Please confirm that in the above-referenced responses, "retail counter" has the same meaning as "window or dock." If not confirmed, please explain the difference.

b. Please indicate what percentage of mail accepted from customers across the window or dock contains the barcodes with the information required for service performance measurement.

RESPONSE

a. Not confirmed. A postal retail counter (or window) is typically located in the street-facing lobby of a facility into which customers would walk and deposit outgoing stamped mail in a chute and/or complete a postal transaction with a postmaster or retail clerk stationed at a service counter or window. A postal dock is usually in the rear of a facility and accessible only by postal vehicles or authorized private vehicles. Business Mail Entry Units are often positioned on or adjacent to the dock and staffed by postal personnel responsible for the acceptance and verification of bulk mail.

b. Currently, the Postal Service does not collect the information requested. Single-Piece First-Class Mail generated by households (which deposit most outgoing mail either in collection boxes or at postal retail counters) consists largely of correspondence and transactions. See USPS 2013 Household Diary Study, at Chapters 3 and 4. A copy is accessible at the following link:

http://www.prc.gov/sites/default/files/uspsreports/USPS_HDS_FY13.pdf.

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Household-originated Single-Piece First-Class Mail transactions include a substantial proportion of courtesy reply envelopes with machine-printed delivery (addresses and) barcodes that are suitable for First Mile measurement scanning.

Outgoing Single-Piece First-Class Mail brought to postal docks by or on behalf of businesses or other institutions generally consists of trays or tubs of bulk quantities of metered, permit imprint or stamped mail presented in quantities or in a manner that does not qualify it for workshare discounts. Metered mail would have an IBI barcode, which can be used as a unique license plate for the mailpiece, allowing the proposed measurement system to match the First Mile sample scan to the First Processing scan. Mail with Permit Imprint or stamped mail may or may not have a unique mailer-applied IMb which could be leveraged for First Mile measurement.

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7. In Responses to CHIR No. 2, question 1, the Postal Service states that 38 percent of single-piece First-Class Mail induced into the mailstream is “from carriers accepting mail from customers.” In the same source, the Postal Service indicates that “[t]he proposed First Mile design does not include carrier scanning at the customer mail receptacle.”

a. Please confirm that mail from the customer mail receptacles constitute 38 percent of single-piece First-Class Mail. If not confirmed, please explain the difference between the mail “from carriers accepting mail from customers” and the mail that carriers collect “at the customer mail receptacles.”

b. Please confirm that the statement “[t]he proposed First Mile design does not include carrier scanning at the customer mail receptacle” means that currently carriers do not perform scanning at the customer mail receptacle. If not confirmed, please explain when carriers scan mail at the customer mail receptacle. If confirmed, please explain why carriers do not (and will not) scan mail at the customer mail receptacles.

c. For single-piece First-Class Mail “from carriers accepting mail from customers,” please provide the breakdown by indicia and shape (in accordance with the classification provided in Docket No. ACR2014, Library Reference USPS-FY14-14, FCM by Indicia).

d. Please indicate if the Postal Service has initiated (or is planning to initiate) any study to compare service performance of mailpieces that carriers accept from customers with service performance of other mail.

RESPONSE

a. Confirmed.

b. Not confirmed. The statement indicates only that the proposed service measurement plan does not include carriers scanning at the customer mail receptacle for purposes of First Mile measurement. Please see the April 2, 2015 response to ChIR 2, Question 1(b). Carriers currently scan accountable mail pieces as they deliver them to customer mail receptacles and prepaid parcels when picking them up there. Such activity, of course, will continue in the future. Under the proposed Service Performance Measurement plan, for purposes of Last Mile measurement, carriers also

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will be prompted randomly to scan a sample of barcoded mailpieces intended for delivery in customer receptacles as they approach those receptacles and are expected to scan those pieces at delivery.

- c. The data collection effort that forms the basis for the response to ChIR 2 Question 1 recorded shape, but no indicia information. The distribution by shape was as follows:
- Letters -- 89.8 percent;
 - Flats -- 8.2 percent; and
 - Parcels -- 1.9 percent.
- d. No such study is either presently underway or in the planning stages.