

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Service Performance Measurement  
Systems for Market Dominant Products

Docket No. PI2015-1

PUBLIC REPRESENTATIVE REPLY COMMENTS

(May 5, 2015)

I. INTRODUCTION

The Public Representative hereby responds to initial comments filed pursuant to the Commission's notice of request for comments<sup>1</sup> on the United States Postal Service's plan for Service Performance Measurement (SPM) of market dominant products (Postal Service Plan).<sup>2</sup>

The Initial Comments of the Public Representative indicate that the Postal Service Plan may work towards an improvement of the service performance measurement system, but, being undeveloped, raises a number of concerns.<sup>3</sup> The

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<sup>1</sup> Notice of Request for Comments and Scheduling of Technical Conference Concerning Service Performance Measurement Systems for Market Dominant Products, January 29, 2015 (Order No. 2336). In response to the Postal Service's motion, the Commission later extended the deadline for reply comments. See Order Granting Postal Service Motion for Extension of Time to File Reply Comments, April 21, 2015 (Order No. 2448).

<sup>2</sup> The description of the Service Performance Measurement Plan was initially provided in Library Reference PRC-LR-PI2015-1/1, which accompanied Order No. 2336. See Notice of Filing Library Reference PRC-LR-PI2015-1/1, January 29, 2015. The Postal Service later filed two revisions for the Service Performance Measurement plan. See Notice of the United States Postal Service Concerning Filing of Revisions to the Service Performance Measurement Plan, March 3, 2015; Notice of the United States Postal Service Concerning Filing of Second Set of Revisions to the Service Performance Measurement Plan, March 24, 2015.

<sup>3</sup> Public Representative Comments Concerning Service Performance Measurement Systems for Market Dominant Products, April 8, 2015 at 6-15 (PR Comments).

initial comments filed by other participants<sup>4</sup> contain additional concerns and recommendations, and some of them are discussed below.

## II. COMMENTS

Currently, to measure service performance for First-Class Mail domestic letters and flats, the Postal Service uses two measurement systems. EXFC, an external system, measures service performance of Single-Piece First-Class letters and flats. A hybrid system - that combines an internal measurement with external reporting - measures service performance of Presort First-Class letters and flats. While a hybrid system focuses on mailpieces *that have barcodes*, EXFC deals with mailpieces that disregard all *barcodes*.

This difference becomes critical when we compare the approaches to service performance measurement of Single-Piece letters and flats under EXFC and the proposed SPM system, which *is unable* to measure mailpieces that *do not have barcodes and cannot be scanned*. The Public Representative already noted in the initial comments that the proposed SPM system's inability to scan the majority of Single-Piece First-Class mailpieces in residential areas raises a question about the representativeness of the sampled mail on the First Mile.<sup>5</sup> Other parties express similar concerns. GCA correctly points out that for stamped mailpieces, which currently account

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<sup>4</sup> Five other interested parties filed initial comments in this proceeding. See Initial Comments of American Postal Workers Union, AFL-CIO, April 8, 2015 (APWU Initial Comments); Opening Comments of Douglas F. Carlson, April 1, 2015 (Carlson Opening Comments); Supplemental Opening Comments of Douglas F. Carlson, April 8, 2015 (Carlson Supplemental Comments); Initial Comments of the Greeting Cards Association, April 8, 2015 (GCA Initial Comments); Comments of the Association for Presort Commerce, Idealliance, and National Association of Presort Mailers, April 8, 2015 (Comments of Joint Commenters); and Comments of David B. Popkin, April 8, 2015 (Popkin Comments).

<sup>5</sup> PR Comments at 10.

for 55 percent of the Single-Piece First-Class letter mailstream, <sup>6</sup> “no First Mile Impact information will be collected.”<sup>7</sup> A closer look at the data from the same source (see Table 1 below) shows that the measured sample will primarily contain the mailpieces with Information-Based Indicia (IBI) barcodes,<sup>8</sup> which constitute 37% of the Single-Piece First-Class letters. The Public Representative therefore agrees with APWU that on the First Mile the proposed SPM system will be more likely representative of business mail.<sup>9</sup>

Table 1: First-Class Mail Single-Piece Letters, Cards and Flats by Indicia<sup>10</sup>

	Letters	Cards	Flats
Information-Based Indicia (IBI) barcode	<b>37.2%</b>	<b>28.0%</b>	<b>69.9%</b>
Stamped	55.6%	55.3%	11.7%
Permit Imprint	6.0%	16.0%	8.8%
Metered	0.7%	0.5%	1.5%
Postage Validated Imprint (PVI) Label	0.3%	0.0%	7.9%
Other	0.2%	0.2%	0.2%

Single-Piece First-Class letters that have other than IBI types of indicia (see Table 1) might be excluded from the measured sample because they do not have any

<sup>6</sup> See 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’ (Docket No. ACR2014, USPS-FY14-14, “FCM by Indicia”).

<sup>7</sup> GCA Comments at 5.

<sup>8</sup> For more information on IBI barcodes see Information-Based Indicia Program (IBIP). Performance Criteria for Information-Based Indicia and Security Architecture for Open IBI Postage Evidencing Systems (PCIBI-O), United States Postal Service, February 23, 2000, <http://www.prc.gov/docs/24/24033/PCIBIO.pdf>

<sup>9</sup> APWU Initial Comments at 6-7.

<sup>10</sup> Calculated using data from Docket No. ACR2014, USPS-FY14-14, “FCM by Indicia”.

barcodes at all or their barcodes miss some information required for service performance measurement. However, there is another reason why more than one-third of all Single-Piece First Class mailpieces will be excluded from service performance measurement. Mail that carriers accept from customers (38 percent of Single-Piece First-Class Mail) is currently excluded and will continue to be excluded from service performance measurement.<sup>11</sup> A few parties express strong concerns regarding the exclusion of this mail from service performance measurement.<sup>12</sup> The GCA provides some analysis that leads to a concern that mail collected by carrier from customers might not follow the same delivery schedule as mail collected by carrier from street boxes or business chutes.<sup>13</sup> The Public Representative agrees with the GCA that the Postal Service should take some steps to validate that “scans at collection points and retail facilities serve as reasonable proxies for the mail left at customer mail receptacles.”<sup>14</sup> The concern is aggravated by the fact that the proposed SPM system, contrary to the EXFC, leaves out stamped mail and covers mostly business mail.<sup>15</sup> The Public Representative strongly suggests that the Postal Service undertakes some additional steps to validate that mail with IBI serves as a reasonable proxy for stamped mail.<sup>16</sup>

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<sup>11</sup> Responses to CHIR No. 2, Question 1.

<sup>12</sup> GCA Comments at 1-4; Carlson Supplemental Comments at 3-6;

<sup>13</sup> GCA Initial Comments at 1-3.

<sup>14</sup> Responses to CHIR No. 2, Question 1.

<sup>15</sup> GCA Comments at 6 and APWU Comments at 6-7.

<sup>16</sup> The Public Representative agrees with Joint Commenters that it will be useful to perform periodic and independent accuracy validation to review the data being excluded from the internal measurement system and reporting. Comments of Joint Commenters at 12-13.

### III. CONCLUSION

The Public Representative believes that for Single-Piece First-Class Mail, the implementation of the internal measurement system on the First Mile is currently a premature step. The Public Representative suggests the Postal Service modify the proposed internal SPM system into a hybrid system that combines external measurement at the First Mile with internal measurement at the Processing Duration stage and the Last Mile.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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