

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

SERVICE PERFORMANCE MEASUREMENT
SYSTEMS FOR MARKET DOMINANT PRODUCTS

Docket No. PI2015-1

**REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION 4 OF CHAIRMAN'S INFORMATION REQUEST NO. 3
[ERRATA]**

The United States Postal Service hereby files a revised response to Question 4 of Chairman's Information Request No. 3. The questions is stated verbatim and followed by the revised response. It supersedes the original response filed on May 14, 2015.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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4. The purpose of the following questions is to obtain information on Postal Service plans for auditing the proposed service performance measurement system. These questions should be answered from the perspective of ensuring data quality, and the calculation of accurate service performance scores. They should also be answered from the perspective of ensuring the service performance measurement system is not subject to intentional or unintentional manipulation.
- a. Please describe the Postal Service's plans for auditing the service performance measurement system.
 - b. Please provide a copy of any written plans. If a written plan is not available, please provide a date when the plan will become available (and provide the Commission with a copy of the plan when it is available). If there is no intent to produce a written plan, please explain why a written plan is not necessary.
 - c. Please identify the organization(s) that will be responsible for auditing the service performance measurement system, and whether such organization(s) will be external or internal to the Postal Service.

RESPONSE

(a-c)

Informed Visibility data collection using the methods described in the proposed USPS Service Performance Measurement Plan (SPM) (as revised March 24, 2015) and the Statistical Design Plan (August 27, 2015) is currently underway for Commercial Mail¹ products and Single-Piece First-Class Mail. Pending review of those plans by the Postal Regulatory Commission, the Postal Service also continues to generate service performance data and reports using service performance measurement systems previously reviewed and approved by the Commission.

Data integrity is a critical feature of any service performance measurement system.

The Postal Service recognizes the necessity of auditing the service performance

¹ For these purposes, Commercial Mail refers to First-Class Mail Presort Letters and Cards and the portion of First-Class Mail Flats that are presorted, all Periodicals, all Standard Mail except Parcels, and Bound Printed Matter Flats.

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data collection systems on which it expects to rely for reporting service performance in the future. Accordingly, the Postal Service has employed a third-party contractor to review the data presently being generated during the parallel operation of the current and proposed SPM systems. That contractor currently is developing a plan for ongoing monitoring of the performance of the proposed system.

This review is focused on those aspects of the SPM plan that reflect proposals to move from the existing external or hybrid measurement systems to an internal system. It covers: Commercial Mail products currently measured using Seamless Acceptance Service Performance (SASP), Business Information Data Store (BIDS), Intelligent Mail Accuracy and Performance System (IMAPS), and Single-Piece First-Class Mail currently measured via the External First-Class (EXFC) system. The review is evaluating the three components of the proposed internal measurement system: First Mile (which applies to Single-Piece First-Class Mail); Processing Duration, and Last Mile, both of which apply to all mail measured under SPM.

In addition to reviewing the accuracy of data recording and service performance calculations for these mail flow components, the review is considering how business rules and administrative rights are applied within the internal SPM processes, and is examining the operating procedures employed by postal personnel engaged in data collection, aggregation and maintenance. The review is assessing potential risks of data manipulation or error due to insufficient restrictions or inadequate controls, and

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will recommend feasible solutions for eliminating or minimizing such risks and errors. As the monitoring plan is being developed, the Service Performance Measurement Plan and Statistical Design Plan are being reviewed for clarity and consistency. Key measurement inputs, calculations, process flows, and outputs are being reviewed for accuracy. Likewise, the system is being reviewed to assure that it contains data architecture sufficient to support the efficient flow of event-driven data, robust file and data controls to assure correct chronological processing of events and updates, appropriate measures for handling of errors, and sufficient data retention for quality assurance, measurement and reporting requirements, and other postal management needs.

At the same time, data generated by implementation of the SPM Plan (and related Statistical Plan) will be compared with service performance results reported to the Commission on the basis of existing measurement systems. There are significant differences between the current external and hybrid systems and the proposed internal SPM system. Therefore, there is no expectation that the service scores generated by the current and proposed systems will be identical. Comparisons will be undertaken for the purpose of understanding how the new system's First Mile, Processing Duration and Last Mile components are working, to verify that any differences in service performance for each product are not the result of an error in design or implementation of the new systems, to confirm that statistically significant differences can be explained through analysis, and to rectify as expeditiously as

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possible any material issues that arise. The approach will include both comprehensive validations of certain critical items and sampling for other validations where it is not practical or necessary to check all of the voluminous raw data generated. The review will examine system data across many levels, including the aggregates which are the key inputs for service performance reporting. The quality assurance process will track which validations were performed, how much data were checked, how many correct items were found, and how many issues were identified. Frequent periodic reports will be transmitted to postal management.

Based on the validation of the system's First Mile, Processing Duration, and Last Mile components conducted during the period of parallel performance testing, the contractor will identify key process metrics such as collection and delivery scan performance that materially affect the overall statistical validity of the SPM scores. The contractor will develop a methodology for estimating the overall level of statistical accuracy of SPM scores based on the levels of performance of those key process metrics. That methodology will enable the Postal Service and interested parties to assess the performance of the SPM system on an ongoing basis. The contractor will also be asked to provide recommendations on statistical methods to identify sampling and other data collection results that appear to be inconsistent with the established requirements for ensuring that those procedures provide representative inputs to the SPM system calculations.

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The Postal Service proposes to use those key process metrics to monitor system performance to ensure they continue to meet the level necessary to support accurate Service Performance Measurement results. Should the overall accuracy of the system fall below desired levels the Postal Service will make adjustments in sampling procedures or sample size or work to reduce the number of exclusions to improve future accuracy. The Postal Service will also take action to respond to any anomalous data collection results to determine whether data collection procedures have been compromised or changes to those procedures are required. These reports on anomalous data collection results may also be useful to external auditors. Given the complexity of the statistical analysis required to develop these measures, the Postal Service anticipates that the final methodologies for calculating overall system accuracy and for identifying anomalous data collection or sampling results will be available by the end of Fiscal Year 2016. Implementation of these recommendations in the reports from the SPM system will be completed to support reporting in the first quarter of FY 2017. The Postal Service intends to provide quarterly reports on progress in developing these measures to the Commission for review and will provide a final report on the monitoring measures prior to their implementation.

Within the Postal Service, monitoring of the proposed internal SPM system and coordination of responses to any issues that are identified will be the responsibility of the Enterprise Analytics department. The Postal Service anticipates that audits of

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the system will be periodically conducted by the USPS Office of Inspector General and other external organizations charged with conducting such audits.