

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 1 THROUGH 5 AND 7 THROUGH 17  
OF CHAIRMAN'S INFORMATION REQUEST NO. 5**

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 5, issued on November 18, 2015. The Postal Service also provides an Attachment in response to question 5 of Chairman's Information Request No. 5. Each question is stated verbatim and followed by the response. The response to question 6 is forthcoming.

Respectfully submitted,

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
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- 1. The Statistical Design Plan indicates that carriers and postal clerks would scan collection boxes, mail chutes, and also do last mile scans. Will all clerks be provided with scanners to take samples?**

**RESPONSE**

Handheld scanners will be made available to the personnel who need them to perform scanning duties.

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- 2. Of the approximately 151,000 collection boxes included in the software for target samplings, will all 151,000 be selected for sampling in one year? How often will the same box be selected?**

**RESPONSE**

There are approximately 190,000 collection points which are eligible for First Mile sampling. Each eligible collection point has a chance of selection each day, with probability proportional to the point's estimated density. The random sample will be taken each day, with the full set of eligible collection points available for selection, regardless of whether the point has been previously selected.

Therefore, a collection point may be selected multiple times during the year.

Likewise, the random sampling process does not guarantee that every collection point will be selected during a year. It is not possible to estimate how often a collection point will be selected because it depends on its density, the densities of other collection points within the district, and random numbers.

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3. **On page 5 of the Statistical Design Plan, the Postal Service states: "First Mile performance data for the retail channel will be represented by non-sample single-piece mail inducted over the counter at retail locations with Special Services such as Certified Mail. These data will be combined with the Carrier Sampling and collection data to formulate the overall First Mile performance estimates." Please list all the Special Services that will be included.**

**RESPONSE**

As reflected in pertinent subsections of Domestic Mail Manual (DMM) Section 503, the following barcode-generating Special Services are valid with First-Class Mail (other than parcels) and the mailpieces for which such services are purchased should receive a barcode scan when accepted at a retail counter: Certified Mail, Registered Mail, Insured Mail, and Collect on Delivery (COD).

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- 4. How are First Mile profiles developed? Will the same managed collection points sampled continue to be used for every sampling taken throughout the year?**

**RESPONSE**

The process for developing First Mile profiles is described in Section 4.3 of the Statistical Design Plan, with the various components that comprise the First Mile Profile described in Sections 4.1 and 4.2. The random sampling process will be executed daily, based on the eligible managed collection points at that time. The eligibility of collection points will be evaluated daily to account for changes. For example, collection points with no scheduled collections on Saturday will not be eligible for sampling on Saturday, but would be eligible on other days.

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5. On page 12 of the Statistical Design Plan, the Postal Service states: "PPS sampling will be used to select collection boxes." How will PPS sampling be applied in order to determine which collection boxes are selected? Since there is limited volume found in collection boxes, will the Postal Service also have external performance measurements on flats?

**RESPONSE**

To show how PPS sampling will be used to choose collection points, the Postal Service has prepared an Attachment to this response which depicts a hypothetical 3-digit ZIP Code area and its volume densities. See *Attachment.to.Response.to.ChIR5.Q5x/sx*. The Attachment explains the process using a hypothetical with a small number of collection points. In reality, there are generally many more collection boxes in each 3-digit ZIP Code area, with an average of more than 200.

There are no plans to conduct external service performance measurement for flats. While it is possible that the First Mile sampling process may not achieve precision targets, that is only one component of service measurement. Data for Single-Piece First-Class Mail flats will be available from the Retail Profile, and also from the Processing Duration Profile and Last Mile Profile.

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7. On page 12, footnote 7, of the Statistical Design Plan, the Postal Service states that offices with only a few collection boxes will be excluded from the carrier sampling process. Given that this exclusion may eliminate many post offices with only one collection box, does this mean that the collection scanning will be done on city collection routes only? If other types of routes like rural routes are included, what percentage of the samplings will be done at rural routes compared to city routes?

**RESPONSE**

The referenced footnote indicates that there are a small number of 3-digit ZIP Code areas that have no or few collection points, and will be excluded from Carrier Sampling. The exclusion will not eliminate a Post Office with only one collection box unless that office is located in an excluded 3-digit ZIP Code area. Collection scanning will not be limited to city collection routes. The percentage of sampling that will occur on rural routes compared to city routes is currently not known.

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- 8. How will retail counters and mail chutes be selected, and are all post offices nation-wide listed in the software? Will Hawaii, Guam, Puerto Rico, and Alaska be included in the sampling locations selected? What post offices and what states are included in the selections listed in the software?**

**RESPONSE**

The Retail Profile is not calculated based on sampling. The Postal Service proposes to include in the Retail Profile all Single-Piece First-Class Mail letters and flats with Special Service barcodes that are scanned during acceptance at a postal retail counter and receive processing scans. Retail locations that do not have Point of Sale (POS)/Retail Systems Software (RSS) use a hand-held scanner to record acceptance if the mailpiece is presented at the retail counter.

Collection points, such as collection boxes and postal lobby chutes, are randomly selected using probability proportional to size (PPS) sampling. The estimated density serves as the size metric for each sample-eligible collection point, so that points with higher density have higher probability of selection. The software contains all eligible collection points from all 50 states as well as Puerto Rico, the U.S. Virgin Islands, and Guam.

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9. **In the Statistical Design Plan, the Postal Service states that Special Services such as Certified Mail will be entered at retail entry. Given the rise in Priority Mail, does the Postal Service plan to utilize Priority Mail scans as well? If the Postal Service plans to measure Priority Mail scans, has the Postal Service taken the potential deterioration of Priority Mail barcodes under consideration?**

**RESPONSE**

The Statistical Design Plan has been created in support of the proposed Service Performance Measurement (SPM) plan under review in this docket. The SPM plan has been designed as a replacement for the current system of measurement for various market-dominant products. Priority Mail is a competitive product for which service measurement is conducted under methods outside the scope of this docket. As reflected in the materials it has submitted in this docket, the Postal Service has no plan to incorporate Priority Mail data as part of the process for service performance market-dominant product service performance measurement.

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- 10. The Statistical Design Plan establishes a process where sampling targets are distributed across a 3-digit ZIP Code in proportion to volumes of mail. Please provide more detail about this process and an example of how it will be applied.**

**RESPONSE**

For First Mile Sampling, the district level weekly sampling targets will be distributed across the 3-digit ZIP Codes within the district in proportion to historical mail volumes. In the initial phase, delivery points will be used as a proxy for volumes until the collection point density information is complete. The process for allocating the targets will follow these basic steps:

- Determine the volume of Single-Piece First-Class Mail estimated to originate from each 3-digit ZIP Code within a district and the total volume for the district. Use proxy of delivery points initially.
- Calculate the proportion of the total of the district's volume represented by each 3-digit ZIP Code.
- Multiply the district weekly sampling target by the proportion represented by each 3-digit ZIP Code to obtain the 3-digit ZIP Code sampling target.

Consider a hypothetical district containing four 3-digit ZIP Code areas and a district weekly sampling target of 200 collection points. The following table provides an example of the allocation of the weekly district target across those ZIP Code areas.

<b>3-Digit ZIP Code Area</b>	<b>Single-Piece First-Class Mail Volume</b>	<b>Proportion of Total District Volume</b>	<b>First Mile Weekly Sampling Target</b>
1	250,000	$(250,000/1,000,000)=0.25$	$(200*0.25)=50$
2	500,000	0.50	100
3	150,000	0.15	30
4	100,000	0.10	20
District Total	1,000,000	1.00	200

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- 11. As the Postal Service consolidates many plants, mail scheduled to go to a gaining facility ends up going to another facility outside the district. How will the estimates take this into account?**

**RESPONSE**

For Single-Piece First-Class Mail, measurement is from the point of origin at a collection point or retail unit to delivery. The origin district is based on the ZIP Code of origin, not the origin processing plant. Likewise, the destination district is determined by the delivery point ZIP Code, not the destination processing plant. To the extent that mail processing plant consolidations result in longer transit times between collection and initial processing than previously was the case, such changes would be captured in the First Mile Profile. Similarly, longer transit times between final processing and delivery would be captured in the Last Mile Profile.

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- 12. Why is the Postal Service only reporting on performance at the district 3-digit ZIP Code level and not at the 5-digit ZIP Code level? How will the sampling be sufficient to give a reliable picture of different sorts of economic, social, and geographic areas of delivery with only the 3-digit ZIP Code level?**

**RESPONSE**

In Docket No. RM2009-11, the Postal Regulatory Commission established postal administrative district level data as the most granular data necessary for market-dominant product service performance reporting.

The Postal Service is aware of no current requirement to report market-dominant product service performance to the Commission on the basis of economic or social factors. Nor is the Postal Service aware of any current requirement to report market-dominant product service performance on the basis of geographical designations other than postal administrative areas and districts.

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13. On page 19 of the Statistical Design Plan, the Postal Service states: “[a]s a general rule, when Postal Service personnel approach delivery points randomly designated for sampling, the instruction will be to scan the barcodes on all of the mail being delivered on the sampling date, across all of the sampling groups.” Does the letter carrier scan the barcodes of letters and flats at selected delivery points for a specific addressee, or does he or she scan all the mail in a tray for delivery in that neighborhood? When and where does the scan take place, such as at a particular address or at a particular time when the carrier is in route?

**RESPONSE**

Delivery sampling scans take place at the delivery point. The employee is instructed to scan letters and flats being delivered for a given address, not for a specific addressee.

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14. On page 23 of the Statistical Design Plan, the Postal Service states that a configurable maximum number of pieces will be scanned. If there is no match with the original scanned piece, will the Postal Service then assume that piece was still delivered?

**RESPONSE**

The Postal Service is unable to respond to this question as it is currently worded.

It is not clear what an "original scanned piece" is in this context. Nor is it self-evident what the components of a "match" would be or the context in which the Postal Service would "assume that [a] piece was still delivered[.]"

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15. On page 27 of the Statistical Design Plan, the Postal Service states that the sampling groups for First Mile and Last Mile estimation “are less granular than the required service performance reporting levels,” but that the sampling groups are reasonable because the Postal Service will make “certain assumptions about the independence between the legs.” What does this mean?

**RESPONSE**

The term “legs” refers to the disaggregation of transit-time into First Mile, Processing Duration, and Last Mile. The assumptions about the independence between the legs are the basis for combining profiles created using all of the data from the Last Mile sampling groups with data from Processing Duration for groups of mail which are related, but not exactly the same. The referenced page of the Statistical Design Plan provided one example: The same Last Mile Profile has been designated for Presort First-Class Mail letters/cards across all service standards. This means that for a given destination district, anticipated delivery date, and days left to meet service standard category, Presort First-Class Mail letters/cards with an overnight service standard and mail with a two-day service standard will have the same Last Mile Profile applied. The calculation methodology for combining the Processing Duration and Last Mile Profiles assumes that the length of time in Last Mile is not influenced by factors from the Processing Duration other than those included in the calculations. Specifically, the factors included in the calculation are the destination district, anticipated delivery date, and days left to meet service standard group. Factors such as service standard, origin of the mail, or the specific Standard Mail product (e.g., Standard Mail High Density/Saturation Letters, Standard Mail Letters) are

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assumed to be unrelated to the length of time the mail spends in Last Mile. In statistics, when factors are unrelated, they are said to be independent.

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16. On page 31 of the Statistical Design Plan, the Postal Service states that the Postal Service cannot account for "non-sampling error." Apparently, service performance estimates assume that the First Mile is the same for accountable and non-accountable pieces, and there is no way to evaluate the error that could result. Why is there no method to evaluate the error that the assumption introduces?

**RESPONSE**

The statement intended to communicate that no study has been undertaken to evaluate whether there is any difference between the First Mile for accountable and non-accountable pieces. Therefore, there are no data upon which to estimate any non-sampling error which may be introduced as a result of the plan to use available and measurable accountable pieces for First Mile measurement rather than a sampling process that included accountable or non-accountable pieces.

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- 17. Approximately 38 percent of the mail deposited is from the home mailbox. Does the Postal Service plan to measure that mail?**

**RESPONSE**

Please see the response to Chairman's Information Request No. 2, Question 1(b). As explained there, the proposed First Mile design does not include carrier scanning at the customer mail receptacle. 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.