

OPM 1496 and OPM 1496A were needed for many years because there was a major revision in the law effective October 1, 1956; this affected the general information provided with both forms. However, we will no longer maintain a clearance of the OPM 1496, because the waning population affected by this form is fewer than ten respondents a year. We are requesting clearance of the revised OPM 1496A.

Approximately 2,800 OPM Forms 1496A will be completed annually. We estimate it takes approximately 1 hour to complete this form. The annual burden is 2,800 hours.

For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606-8358, FAX (202) 418-3251 or via E-mail to [MaryBeth.Smith-Toomey@opm.gov](mailto:MaryBeth.Smith-Toomey@opm.gov). Please include a mailing address with your request.

**DATES:** Comments on this proposal should be received within 30 calendar days from the date of this publication.

**ADDRESSES:** Send or deliver comments to—

Ronald W. Melton, Deputy Assistant Director, Retirement Services Program, Center for Retirement and Insurance Services, U.S. Office of Personnel Management, 1900 E Street, NW., Room 3305, Washington, DC 20415-3500; and  
Brenda Aguilar, OPM Desk Officer, Office of Information & Regulatory Affairs, Office of Management and Budget, New Executive Office Building, NW., Room 10235, Washington, DC 20503.

#### FOR INFORMATION REGARDING

##### ADMINISTRATIVE COORDINATION—CONTACT:

Cyrus S. Benson, Team Leader, Publications Team, RIS Support Services/Support Group, (202) 606-0623.

U.S. Office of Personnel Management.

**Howard Weizmann,**  
*Deputy Director.*

[FR Doc. E7-24708 Filed 12-19-07; 8:45 am]

**BILLING CODE 6325-38-P**

## OFFICE OF PERSONNEL MANAGEMENT

### Submission for OMB Review; Comment Request for Review of a Revised Information Collection: RI 92-19

**AGENCY:** Office of Personnel Management.

**ACTION:** Notice.

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104-13, May 22, 1995), this notice

announces that the Office of Personnel Management (OPM) has submitted to the Office of Management and Budget (OMB) a request for review of a revised information collection. RI 92-19, Application for Deferred or Postponed Retirement: Federal Employees Retirement System (FERS), is used by separated employees to apply for either a deferred or a postponed FERS annuity benefit.

Approximately 1,693 forms are completed annually. We estimate it takes approximately 60 minutes to complete the form. The annual estimated burden is 1,693 hours.

For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606-8358, FAX (202) 418-3251 or via E-mail to [MaryBeth.Smith-Toomey@opm.gov](mailto:MaryBeth.Smith-Toomey@opm.gov). Please include a mailing address with your request.

**DATES:** Comments on this proposal should be received within 30 calendar days from the date of this publication.

**ADDRESSES:** Send or deliver comments to—

Ronald W. Melton, Deputy Assistant Director, Retirement Services Program, Center for Retirement and Insurance Services, U.S. Office of Personnel Management, 1900 E Street, NW., Room 3305, Washington, DC 20415-3540;  
and  
Brenda Aguilar, OPM Desk Officer, Office of Information & Regulatory Affairs, Office of Management and Budget, New Executive Office Building, NW., Room 10235, Washington, DC 20503.

#### FOR INFORMATION REGARDING

##### ADMINISTRATIVE COORDINATION—CONTACT:

Cyrus S. Benson, Team Leader, Publications Team, RIS Support Services/Support Group, (202) 606-0623.

U.S. Office of Personnel Management.

**Howard Weizmann,**  
*Deputy Director.*

[FR Doc. E7-24712 Filed 12-19-07; 8:45 am]

**BILLING CODE 6325-38-P**

## POSTAL REGULATORY COMMISSION

[Docket No. PI2008-1; Order Nos. 48 and 49]

### Administrative Practice and Procedure, Postal Service

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice.

**SUMMARY:** This document informs the public that the Commission is seeking comments on proposed service standard

measurement and reporting systems for market dominant products. The proposal responds to provisions in a law enacted this year which require consultation between the Commission and the Postal Service on the establishment of service standards. The law also requires the use of an objective external measurement, unless the Commission approves an internal measurement system. Comments will assist the Commission in carrying out its legal obligations. This document identifies revised comment deadlines and reflects minor changes, reformatting, and footnote numbering.

**DATES:** Initial comments due January 18, 2008; reply comments due February 1, 2008.

**ADDRESSES:** Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>.

#### FOR FURTHER INFORMATION CONTACT:

Stephen L. Sharfman, General Counsel, 202-789-6820 and [stephen.sharfman@prc.gov](mailto:stephen.sharfman@prc.gov).

**SUPPLEMENTARY INFORMATION:** *Regulatory History*, 72 FR 34424 (June 22, 2007).

## I. Background

Section 301 of the Postal Accountability and Enhancement Act (PAEA), Public Law 109-435, 120 Stat. 3218, requires the Postal Service, in consultation with the Postal Regulatory Commission (Commission), to establish by regulation a set of modern service standards for market dominant products by December 20, 2007.<sup>1</sup> By statute, the service standards must be measured by an objective external performance measurement system, unless the Commission approves the use of an internal measurement system. 39 U.S.C. 3691(b)(1)(D) and (b)(2).

The Commission and Postal Service have held a series of meetings to discuss service performance measurement issues.<sup>2</sup> In response to those meetings, the Postal Service has submitted a formal proposal to the Commission setting forth several proposed systems for measuring the service performance of market dominant products.<sup>3</sup> The

<sup>1</sup> Section 301 of the PAEA is codified at 39 U.S.C. 3691. The Postal Service published its proposed service standards October 17, 2007. See 72 FR 58946.

<sup>2</sup> During the course of developing service standards, the Postal Service has also discussed service performance measurement systems with workgroups of the Mailers Technical Advisory Committee.

<sup>3</sup> See USPS Service Performance Measurement Proposal, received November 29, 2007 (Proposal), which is reproduced below. The Proposal is also available on the Commission's Web site, <http://www.prc.gov>.

Proposal describes the measurement approaches the Postal Service seeks to use to measure the service performance of its various market dominant mail products. These approaches include, for example, the External First-Class (EXFC) measurement system to measure single-piece First-Class Mail, Delivery Confirmation for parcel-shaped mail, and a hybrid system for presort letters and flats that relies on Intelligent Mail Barcode (IMB) scans and independent, third-party reporters. In addition, the Proposal sets forth by product (or class of mail) the manner in which and the frequency with which the Postal Service proposes to report the service performance data. Lastly, because not all the proposed service performance measurement systems are fully operational, the Postal Service provides an adoption timeline and interim measurement solutions pending development and adoption of longer term measures.

Measurements from existing systems, e.g., EXFC and Delivery Confirmation, will be utilized to report service performance in FY 2008.<sup>4</sup> Beginning in January 2009, when the use of IMBs will be a prerequisite for certain rate discounts, the Postal Service anticipates being able to report service performance data for all products, except for Within County Periodicals.

The Postal Service seeks approval to move forward with the development of the proposed measurement systems “with the understanding that the approval is for the conceptual approach [discussed in the Proposal] and is subject to review of the implemented systems.” *Id.* at 7. More specifically, it requests that the Commission:

1. Approve the EXFC measurement system for service performance measurement of First-Class Mail single-piece letters and flats, and as a proxy for First-Class Mail presort flats. *Id.* at 7; *see also id.* at 8, 17, and 22;<sup>5</sup>

2. Approve Delivery Confirmation service for service performance measurement of parcel-shaped market dominant mail. *Id.* at 7; *see also id.* at 22–23, 39, 52, and 53;

3. Approve a hybrid measurement system based on IMB scans and independent, third-party stop-the-clock scans for service performance measurement of presort letters and flats, i.e., First-Class presort letters, Standard Mail letters and flats, and Periodicals

letters and flats. *Id.* at 7; *see also id.* at 9, 20, 33, 35–36, and 43–44;<sup>6</sup>

4. Approve the use of Red Tag and DelTrak as interim service performance measurements for Periodicals until adoption of IMBs is sufficient to permit use of a hybrid internal and external measurement system. *Id.* at 7; *see also id.* at 43–44;

5. Approve the International Mail Measurement System (IMMS) for service performance measurement of First-Class Mail International letters, EXFC measurement of domestic single-piece First-Class Mail flats as a proxy for single-piece First-Class Mail International flats, and the measurement of single-piece First-Class Mail parcels as a proxy for First-Class Mail International parcels. *Id.* at 6–7; *see also id.* at 27–30;

6. Approve the use of internal data for service performance measurement of certain Special Services. *Id.* at 7; *see also id.* at 56–59; and

7. Approve the various service performance measurement reporting proposals specified in the Proposal. *Id.* at 7; *see also id.* at 25, 30, 40, 46, 54, and 60.

The Commission’s role under section 3691 of title 39 is to consult with the Postal Service concerning the establishment of service standards for market dominant products. The service standards are required to be measured by an objective external performance measurement system, unless the Commission approves the use of an internal measurement system. Section 3691(b)(1)(D) and (b)(2). Given its obligations under the PAEA and the Postal Service’s Proposal, which characterizes the various measurement approaches as either external or internal, the Commission is initiating this docket to solicit public comment on the Postal Service’s proposed service performance measurement systems. Interested persons are invited to comment on any or all aspects of the proposed service performance measurement and reporting systems. Comments are due January 18, 2008.<sup>7</sup> Reply comments may be filed no later than February 1, 2008.<sup>8</sup> The Commission intends to evaluate the comments received and use those suggestions to help carry out its

<sup>6</sup> Presort Package Services flats will be measured using the same approach as Presort Standard flats and be reported on a consolidated basis. *Id.* at 6, n.8, and 35. The Postal Service proposes not to measure single-piece Package Services flats due to the relatively small quantities of such mail. *Id.* at 6, n.9.

<sup>7</sup> Changed from January 7, 2008 (per Order No. 48) by Order No. 49.

<sup>8</sup> Changed from January 18, 2008 (per Order No. 48) by Order No. 49.

performance measurement responsibilities under the PAEA. All comments will be available for review on the Commission’s Web site, <http://www.prc.gov>.

### [III.] United States Postal Service Service Performance Measurement

#### [A.] Notices

CONFIRM®, Express Mail®, First-Class Mail®, Intelligent Mail®, Planet Code®, *PostalOne!*®, Priority Mail®, Standard Mail®, *usps.com*®, U.S. Postal Service®, ZIP+4®, Certified Mail™, Delivery Confirmation™, Onecode ACS™, Post Office™, Postal Service™, P.O. Box™, Signature Confirmation™, and ZIP Code™ are among the many trademarks owned by the United States Postal Service®.<sup>9</sup>

#### [B.] Glossary of Terms

The description of the proposed approach for service performance measurement includes references to certain postal terminology. For clarification, the following brief definitions and descriptions are provided.

A *service standard* is defined as “a stated goal for service achievement for each mail class.” *See* Publication 32, Glossary of Postal Terms (May 1997, updated with Postal Bulletin revisions through July 5, 2007). The service standard for each market-dominant mail service incorporates the days-to-deliver for each 3-digit ZIP Code origin-destination pair within the Postal Service network. The standards serve as the benchmark for measuring service performance.

The *critical entry time* (CET) is the latest time mail can be received at designated induction points in the postal network in order for it to be processed and dispatched in time to meet service standards.

The *start-the-clock* is the date/time when the mail piece enters the mailstream. If the Postal Service accepts a mail piece before the posted CET for that day, the day of entry is designated as the “start-the-clock” date. If the mail piece is accepted after the CET or dropped at a collection box, business mail chute, or Post Office location after the last posted pickup time or on a day when pickup does not occur, the mail piece will have a “start-the-clock” date of the following applicable processing day.

The *stop-the-clock* is the date/time when delivery occurs or is initially attempted.

<sup>9</sup> © 2007 United States Postal Service. All rights reserved.

<sup>4</sup> In FY 2008, pilot programs involving IMBs may yield performance measurements as well.

<sup>5</sup> To measure First-Class presort flats, the Postal Service proposes to use EXFC data for machine-addressed flats only. *Id.* at 22.

The *service performance* is the number of calendar days from the “start-the-clock” to the “stop-the-clock.” However, if the day of receipt occurs after a non-delivery day (Sunday or a holiday), then one day is subtracted for each non-delivery day.

The *Annual Compliance Report* is the national service performance report for market-dominant mail service that is subject to compliance review on a fiscal year basis.

[C. Description of Proposal]

1. Introduction

Among many requirements, the Postal Accountability and Enhancement Act

(PAEA) instructs the United States Postal Service (Postal Service) to establish modern service standards for its market-dominant mail products by December 20, 2007. These standards should be designed with the intent of providing a system of objective external performance measurement. However, the law allows for the implementation of an internal measurement system instead of an external one, with the approval of the Postal Regulatory Commission (PRC).<sup>10</sup>

The proposed service performance measurement system is designed to provide the Postal Service and its customers with data sufficiently

accurate and reliable for purposes of assessing the quality of mail service in a cost effective manner. The measurement system is also intended to provide the PRC with the ability to perform its responsibilities under the PAEA with a high degree of confidence. The following table summarizes the proposed measurement system. Each “start-the-clock” and “stop-the-clock” event is described in detail in later sections.

TABLE 1.—MEASUREMENT APPROACH AT FULL ROLLOUT <sup>1</sup>

	Single-piece			Presort		
	Letters	Flats	Parcels	Letters	Flats	Parcels
First-Class Mail .....	EXFC .....	EXFC .....	Start: Delivery Confirmation delivery scan. Stop: Delivery Confirmation delivery scan.	Start: Documented Arrival Time at Unit. Stop: External reporting.	EXFC as Proxy <sup>2</sup> .....	Start: Documented Arrival Time at Unit. Stop: Delivery Confirmation delivery scan.
Single-Piece First-Class Mail International	IMMS <sup>3</sup> ...	EXFC as proxy <sup>4</sup> .	Single-Piece First-Class Mail parcels as proxy <sup>5</sup> .	N/A .....	N/A .....	N/A.
Periodicals <sup>6</sup> .....	N/A .....	N/A .....	N/A .....	Start: Documented Arrival Time at Unit. Stop: External reporting.	Start: Documented Arrival Time at Unit. Stop: External reporting.	N/A.
Standard Mail .....	N/A .....	N/A .....	N/A .....	Start: Documented Arrival Time at Unit. Stop: External reporting.	Start: Documented Arrival Time at Unit. Stop: External reporting <sup>7</sup> .	Start: Documented Arrival Time at Unit. Stop: Delivery Confirmation delivery scan.
Package Services .....	N/A .....	N/A <sup>8</sup> .....	Start: Delivery Confirmation delivery scan. Stop: Delivery Confirmation delivery scan.	N/A .....	.....	Start: Documented Arrival Time at Unit. Stop: Delivery Confirmation delivery scan.

<sup>1</sup> Special Services are not included in Table 1 as they have different methods to “start-the-clock” and “stop-the-clock” from the market-dominant mail classes. The approach for measuring Special Services is explained in detail later in this document.

<sup>2</sup> The Postal Service will use the External First-Class Mail Measurement System (EXFC) measurement for single-piece flats as a proxy for Presort First-Class Mail flats due to small volumes. The external measurement contractor will create test mail pieces with characteristics of Presort mail and seed them into the mailstream via retail.

<sup>3</sup> The International Mail Measurement System (IMMS) is an external measurement system for which an independent measurement contractor seeds mail into the mailstream with a wide range of mail characteristics representing international mail.

<sup>4</sup> The EXFC measurement for domestic single-piece First-Class Mail flats will serve as a proxy for single-piece First-Class Mail International flats due to the small volume in this category. After clearing customs, single-piece First-Class Mail International flats enter the domestic mailstream and are handled with domestic single-piece First-Class Mail flats.

<sup>5</sup> The Postal Service will use the measurement for domestic single-piece First-Class Mail parcels as a proxy for single-piece First-Class Mail International inbound surface parcels due to the small volume in this category. After clearing customs, single-piece First-Class Mail International inbound surface parcels enter the domestic mailstream and are handled the same way as domestic single-piece First-Class Mail parcels.

<sup>6</sup> Two external systems, Red Tag and Time Inc.’s DelTrak, will be used for measurement during FY 2009, as the Postal Service transitions to a statistically viable long-term solution.

<sup>7</sup> Presort Package Services flats consist primarily of Bound Printed Matter, which has similar physical characteristics as Presort and can be scanned by external reporters. Accordingly, Presort Package Services flats will be measured via the same approach as Presort Standard Mail flats and reported together.

<sup>8</sup> Single-piece Package Services flats make up less than 4% of all Package Services flats (excluding retail Media Mail, which was discontinued as a result of PRC Docket No. R2006–1) and only 1% of the total Package Services mail base; therefore, the Postal Service does not propose a single-piece Package Services flats measure. As a result, the Package Services measurement will be strictly parcel volume.

<sup>10</sup> Postal Accountability and Enhancement Act.

39 U.S.C. 3691(b)(1)(D) and 3691(b)(2). <http://www.prc.gov/notices/PL109-435PAEA.pdf>.

The Postal Service believes that the proposed measurement and reporting systems described in greater detail below satisfy all legislative requirements and provide the PRC with sufficiently reliable data with which to perform its service performance accountability responsibilities. The proposed system is cost effective, statistically significant, sufficiently granular in detail, and includes numerous methods of auditability. The Postal Service is asking for approval to move forward with development of these systems with the understanding that the approval is for the conceptual approach documented here and is subject to review of the implemented systems. In order to begin reporting service performance metrics as quickly as possible, the Postal Service requests that the PRC do the following:

Approve continued use of EXFC for service performance measurement of First-Class Mail single-piece letters and flats, and as a proxy for First-Class Mail Presort flats;

Approve continued use of Delivery Confirmation service for service performance measurement of parcel-shaped components of each domestic market-dominant mail class;

Approve the use of an external measurement system that supplements externally collected delivery data with Intelligent Mail scans for service performance measurement of Presort letters and flats;

Approve the use of data from external measurement systems—Red Tag and DelTrak—as an interim service performance measurement for Periodicals until adoption of IMBs is sufficient to permit migration to the external measurement provider;

Approve continued use of IMMS for service performance measurement of single-piece First-Class Mail International letters, and the use of domestic single-piece First-Class Mail flat performance as a proxy for single-piece First-Class Mail International flats;

Approve the use of internal data for service performance measurement of Special Services; and

Approve the reporting proposals specified.

## 2. Measurement Approach

The Postal Service proposes continued use of EXFC to measure single-piece First-Class Mail letters and flats and IMMS to measure single-piece First-Class Mail International letters.<sup>11</sup>

<sup>11</sup> The only major type of International Mail classified as market-dominant is single-piece First-Class Mail International. For single-piece First-Class Mail International flats and parcels, the Postal

For letter- and flat-shaped Presort mail within First-Class Mail, Periodicals, and Standard Mail services, the Postal Service has designed an external measurement approach that supplements mail scans available from an internal Intelligent Mail system with externally collected data. For parcel-shaped mail within First-Class Mail, Standard Mail, and Package Services,<sup>12</sup> the Postal Service proposes to use an internal solution based on Delivery Confirmation scans obtained at acceptance and delivery. Additionally, the proposed performance measurement of various domestic special services will use an internal measurement approach.

The two critical elements for service performance measurement of a mail piece are the date/time when the mail piece enters the mailstream, otherwise known as the “start-the-clock,” and the date/time when delivery occurs or is attempted, otherwise known as the “stop-the-clock.” The mail piece service performance can be viewed as the difference between the “start-the-clock” and “stop-the-clock” dates compared to the established service standard for the mail category. When assessing mail piece performance, the facility Critical Entry Time (CET) must be taken into account. The CET is the latest time mail can be received at designated induction points in the postal network in order for it to be processed and dispatched in time to meet service standards. If the Postal Service accepts a mail piece before the CET on a given processing day, the mail piece will have a “start-the-clock” date of the current day. If the mail piece is accepted after the CET, the mail piece will have a “start-the-clock” date of the following applicable processing day.

### 2.1 Presort Letter and Flat-Shaped Mail

For Presort Standard Mail, First-Class Mail and Periodical letters and Standard and Periodical flats, the Postal Service proposes a service performance measurement system that uses the induction event to “start-the-clock,” and an external, third-party “stop-the-clock” performed by reporters with scanners in their home. Additional data on mail piece tracking from Intelligent Mail

Service will use the domestic flats and parcel measurements as proxies, as explained in Section 4.

<sup>12</sup> Package Services market-dominant products include single-piece Parcel Post, Bound Printed Matter, Library Mail, and Media Mail. For purposes of service standard establishment and service performance measurement, the market-dominant products designated by 39 U.S.C. 3621(a) as single-piece Parcel Post, Bound Printed Matter, Library Mail, and Media Mail are grouped together as Package Services due to the small volumes.

Barcode (IMB) scans will also be used to supplement the external data. However, any data collected by the Postal Service will be provided to an independent, external contractor to calculate service measurement and compile the necessary reports.

To facilitate an accurate “start-the-clock,” mailers will prepare mail with IMBs and submit electronic mailing information that describes the mail profile. During mail induction, the Postal Service will scan barcodes to record mail arrival at sites that are equipped with scanners. At other sites, the “start-the-clock” will be the documented arrival time at the Postal Service unit. In all cases, mailings are verified to ensure they meet acceptable mail preparation requirements to qualify for service performance measurement. Mail arrival times and mail preparation quality information will be made available to mailers to ensure validity.

The proposed measurement system will determine the service performance by using data collected by the Postal Service on the time taken from the “start-the-clock” through processing. The external measurement contractor will combine this data with data from anonymous households and small businesses that report directly to an external service measurement contractor. The reporters in anonymous households will submit in-home delivery information to the external measurement contractor, and that information will be used to determine the “stop-the-clock” service day. The end-to-end service measure will have two parts, (1) how long mail pieces take to get through processing, and (2) how long mail takes from the last processing scan to arrive in-home—the second portion will be used as a delivery factor differential to determine the percent of mail not delivered on time even though it made through processing timely. For Presort letters and flats entered at Delivery Units that do not receive processing scans, postal delivery personnel will scan IMBs to indicate intention to deliver same-day. The delivery factor differential for the performance measurement between the date of the last IMB scan and the date reported in-home will be determined for each mail category. This factor represents last mile delivery performance. With this measurement approach, the core of the service performance score would be based on data provided by external reporters, which would make it easily auditable, and yet cost effective.

Using external reporters, barcoded mail that falls out of automation, such as non-machinable and not flat-

machinable (NFM) mail, will be included in service performance measurement. To ensure that the external service measurement contractor is able to measure service performance for properly prepared and addressed mail pieces, the Postal Service will provide the contractor with mail quality information that it derives by scanning IMBs.

The proposed approach leverages data from internal systems to enhance measurement for Presort letters and flat-shaped mail has several key advantages: greater representation of mail characteristics; allows for richer diagnostics; and provides opportunities to reduce the cost of measurement.

## 2.2 Requirements for Presort Mailers

Since the Postal Service measurement system for letter and flat-shaped mail is dependent on the IMB, the Postal Service will require the use of IMBs to qualify for automation discounts as of January 2009. It is important to note that the IMB alone does not provide enough information for service performance measurement. The mailer adoption rates projected throughout this document include both adoption of the IMB as well as the adoption of electronic mailing information. For service performance measurement purposes, mailers will need to:

Prepare mailings using the Intelligent Mail series of barcodes to provide a sufficient level of uniqueness and abide by mail preparation requirements to ensure that the mailings are automation-compatible;<sup>13</sup> and

Submit electronic mailing information describing the mail contents and Intelligent Mail barcodes used.

Service performance measurement will depend on high-quality mail presented to the Postal Service. The Postal Service requires that mail meet the required mail preparation criteria. The quality of the mail will be verified by either Seamless Acceptance, semi-automated verification such as MERLIN, or manual verification processes. Under the Seamless Acceptance verification process, certain characteristics of mail will be inspected while mail is processed in the mailstream. Because incorrectly addressed pieces and improperly prepared mail make it impossible in many cases to meet the service standard, only mailings that meet acceptable mail preparation criteria will be included for service measurement.

## 2.3 Parcels

For parcel-shaped mail within First-Class Mail, Standard Mail, and Package Services, the Postal Service will use an internal solution based on Delivery Confirmation scans obtained at acceptance and delivery. The Postal Service currently measures service performance for Retail parcels via Delivery Confirmation barcode scans. The existing Delivery Confirmation performance reports for mail originating at postal retail units can be used in the short-term to measure the service performance of all Package Services until service measurement can be extended to Presort parcels. For reporting purposes, First-Class Mail parcels will be included with the First-Class Mail aggregated performance results, Standard Mail parcels will be included with the Standard Mail aggregated performance results, and the Package Services aggregated performance results will include only parcel volume.

Parcel-shaped Retail mail will use the Delivery Confirmation scan at the retail counter as the "start-the-clock." Parcel-shaped Presort mail will use the documented arrival time at the postal unit as the "start-the-clock." For Presort parcels, validation similar to that for letters and flats will be performed to ensure that the proper parcels were dropped at the correct postal facility.

The "stop-the-clock" is the Delivery Confirmation scan performed by postal delivery personnel at delivery.<sup>14</sup> Since postal personnel scan virtually every piece with a Delivery Confirmation scan at delivery, the measurement system is truly an end-to-end performance system. In addition, the sender has access to the Delivery Confirmation "stop-the-clock" information from usps.com and, thus, can independently verify the delivery date.

More detail on parcels can be found under the specific class descriptions below.

## 2.4 Reporting

The Postal Service will use an independent, external contractor to prepare service performance reports for domestic First-Class Mail, Periodicals, Standard Mail, and single-piece First-Class Mail International letters. For the letter- and flat-shaped components of its market-dominant mail classes, the Postal Service's external contractor will employ reporters equipped with handheld scanners who, each day, will scan the IMB on live mail pieces received at their delivery addresses. The

reporters will transmit scan data back to the external contractor and the scans will be used as the "stop-the-clock" for the mail pieces. Since there is considerable set-up associated with this type of system, the Postal Service will begin reporting from this system in FY 2009.

External "stop-the-clock" scanning offers many benefits to the Postal Service, the PRC, and mailers concerning the accuracy and auditability of service performance measurement:

Last-mile sampling data will be used to provide the granularity required for the district level reporting;

Association of the reporter scan data to the final Mail Processing Equipment scan will be used to assess and correct any last mile failures;

Mail pieces used will have no distinguishing features; and

The volume of mail going to a reporter will remain unchanged.

The Postal Service plans to continue collecting performance data for parcels within each domestic market-dominant mail class as it does today based on Delivery Confirmation acceptance and delivery scans. The Postal Service will send performance data for First-Class Mail parcels and Standard Mail parcels to the external service performance contractor for consolidated reporting into each mail class' reporting measurement. Service Performance for Package Services parcels and Special Services will be reported by the Postal Service. Quarterly reports will include data on the percentage of mail delivered on time as well as the percentage of mail delivered within 1-day, 2-days, and 3-days of the standard being measured. Annual compliance reports will include the annual goal and the annual percentage of mail for each class delivered on time or the percentage of special services provided on time by service.

## 2.5 Timeline

The Postal Service will use a phased rollout of the service performance measurement system, which will correspond with Presort-mailer adoption of the IMBs and other needed electronic mailing information. A significant adoption of IMBs by presort mailers is expected by FY 2009. This will provide sufficient representative volume to provide statistically valid judgment.<sup>15</sup>

Some components of the proposed measurement system are already in place. The Postal Service will continue

<sup>13</sup> Domestic Mail Manual sections 200.3.1 through 200.3.14. Physical Standard Mails for Automation Letters and Cards. Domestic Mail Manual sections 300.3.1 through 300.3.14.

<sup>14</sup> Carriers en-route and clerks at post office boxes.

<sup>15</sup> Excludes Periodicals Mail, which will cutover in 2009.

to use EXFC to measure single-piece First-Class Mail letters and flats, as well as IMMS to measure single-piece First-Class Mail International letters. EXFC and IMMS are specifically designed to be representative of those mailstreams and already provide an external, statistically valid performance measurement. Measurement is also becoming available for Package Services parcels entered at retail.<sup>16</sup> The existing Delivery Confirmation performance reports for mail originating at postal retail units can be used in the short-term to measure the service performance of all Package Services until service

measurement can be extended to Presort parcels.

Although use of the IMB will not be required until January 2009, several Presort mailers have already adopted the IMB and submit electronic mailing information. Pilot programs are currently underway for measurement of Presort First-Class Mail and Standard Mail. Mailer adoption rates are expected to continue growing.

Toward the end of 2008, external reporters will be trained to use a new scanning device for in-home delivery reporting of all mail received that contains an IMB. Beginning in 2009, IMB and electronic mailing information adoption will occur in sufficient

quantity that measurement based on scans generated by external reporters will provide statistically valid measurements for service performance of Presort First-Class Mail letters and Standard Mail.

For Periodicals mailers, adoption of IMBs and electronic mailing information is projected to be slower. Measurements from DelTrak and Red Tag, which are two external measurement systems, will be used for measurement during a portion of FY 2009 as the Postal Service transitions to a statistically viable long-term solution using the same methodology explained above.

TABLE 2.—MEASUREMENT IMPLEMENTATION TIMELINE

	January 2008	FY 2009	FY 2010
First-Class Mail Single-Piece Letters and Flats.	EXFC .....	EXFC .....	EXFC.
First-Class Mail Presort Flats and Single-Piece International Mail Flats.	EXFC as Proxy .....	EXFC as Proxy .....	EXFC as Proxy.
Single-Piece First-Class Mail International Letters.	IMMS .....	IMMS .....	IMMS.
First-Class Mail Presort Letters .....	Intelligent Mail Pilot .....	Reporter + IMB/Electronic Mailing Information (25–50% of system).	Reporter + IMB/Electronic Mailing Information (50–75% of system).
First-Class Mail Parcels <sup>1</sup> and International Mail Parcels.	System Setup and Development.	Retail and Presort Delivery Confirmation Sample (5–10% system).	Retail and Presort Delivery Confirmation Sample (5–10% system).
Standard Mail Letters and Flats <sup>2</sup> .....	Intelligent Mail Pilot .....	Reporter + IMB/Electronic Mailing Information (25–50% of system).	Reporter + IMB/Electronic Mailing Information (50–75% of system).
Standard Mail Parcels <sup>3</sup> .....	System Setup and Development.	Delivery Confirmation Sample (5–10% of system).	Delivery Confirmation Sample (10–25% of system).
Periodicals Letters and Flats .....	Red Tag/DelTrak System Review.	Red Tag/DelTrak Reporter + IMB <sup>4</sup> ...	Reporter + IMB/Electronic mailing information <sup>5</sup> (25–75% of system).
Periodicals: Within County <sup>6</sup> .....		Red Tag.	
Package Services Parcels ( <i>includes Bound Printed Matter, Library Mail, Media Mail and Parcel Post</i> ).	Retail Only (15% Retail)	Retail and Presort Delivery Confirmation Sample (5–10% system).	Retail and Presort Delivery Confirmation Sample (10–25% system).
Special Services .....	System Setup and Development.	Internal Measurement .....	Internal Measurement.

<sup>1</sup> First-Class Mail parcels will be rolled into the First-Class Mail measurement based on percent of mail.

<sup>2</sup> Presort Package Services flats are included with Standard Mail flats.

<sup>3</sup> Standard Mail parcels will be rolled into the Standard Mail measurement based on percent of mail.

<sup>4</sup> Once a threshold is met for IMB statistical validity, which the Postal Service expects to occur in 2009, the Postal Service plans to cutover to reporting via IMB scanning. Red Tag and DelTrak will be used for reporting in 2009 until the cutover occurs; however, the long-term measurement approach for Periodicals is planned for 2010, subject to the considerations expressed above in fn. 16.

<sup>5</sup> The Postal Service may elect to have its external provider use data from DelTrak or Red Tag even in future years if it proves to increase the overall robustness of the data and the statistical validity.

<sup>6</sup> The Postal Service is still attempting to determine how an accurate measurement system for In-County Periodicals could be developed. In the interim, the Postal Service is hopeful that existing systems like Red Tag could be expanded to provide data in the short-term and that mailer adoption of IMBs will provide additional granularity in the long-term.

### 3. First-Class Mail

#### 3.1 Background

First-Class Mail pieces represented 46.0% of the overall mail volume in FY 2006,<sup>17</sup> with nearly 98 billion pieces. Of First-Class Mail, 42.5% are single-piece

letters or flats, 0.36% are single-piece parcels, 55.9% are Presort letters, 1.0% are Presort flats, and 0.194% are Presort parcels. The Postal Service plans to measure each of these different segments and report a weighted average measurement. Below Table 3—First-

Class Mail Volume illustrates the make-up of First-Class Mail by entry volume and shape. The table also illustrates the percentage that the First-Class Mail segments represent within the overall mailstream.

<sup>16</sup> Under Order No. 43, the PRC has classified all inbound single-piece surface parcels tendered at Universal Postal Union inward land rates in the market-dominant category. This mail includes surface parcels, which enter the United States via surface transportation at the New Jersey International Bulk Mail Center, as well as surface airlift parcels, which enter at the five International Service Centers in Miami, Chicago, Los Angeles,

New York JFK, and San Francisco. Once surface parcels clear customs, they are transferred from the acceptance facility to a Bulk Mail Center (BMC). Once entered into the BMC network, inbound parcels undergo the same processing as domestic single-piece Package Services parcels. Because the volume of the inbound surface parcels is small in proportion to other market-dominant categories, creating a separate measurement system for these

parcels is not cost-justified. Given that inbound surface parcels are handled through the domestic BMC network, the Postal Service submits that the service performance measurement statistics for corresponding domestic surface parcels serves as a reasonable proxy for International Mail inbound surface parcels.

<sup>17</sup> [http://www.usps.com/financials/\\_pdf/Fy2006\\_RPWsummaryreport.pdf](http://www.usps.com/financials/_pdf/Fy2006_RPWsummaryreport.pdf).

TABLE 3.—FIRST-CLASS MAIL VOLUME

	Single-piece			Presort			Total (percent)
	Letters (percent)	Flats (percent)	Parcels (percent)	Letters (percent)	Flats (percent)	Parcels (percent)	
First-Class Mail .....	39.06	3.49	0.36	55.9	1.0	0.19	100
Overall Mailstream .....	18.0	1.6	0.17	25.7	0.47	0.09	46.0

### 3.2 First-Class Mail Single-Piece Letters and Flats

Collection boxes and office building chutes are the primary methods for entering First-Class Mail single-piece letters and flats. Combined, this mail represents 19.6% of the total mailstream. Service performance is currently measured though EXFC and, subject to PRC approval, the Postal Service plans to continue to use EXFC for this purpose.

EXFC currently has approximately 13,000 reporters and measures 2.7 million mail pieces each year. EXFC continuously measures 463 3-digit ZIP Code service areas selected based on geography and volume density. Approximately 90% of First-Class Mail volume originates and 80% destines in these EXFC measurement areas. EXFC mail pieces are designed to resemble the rest of the mailstream; pieces are hand- or machine-addressed, stamped or metered, and are of different colors, sizes, and weights. The Postal Service intends to expand the use of EXFC in FY 2009 to cover nearly all 3-digit ZIP Code areas.

#### 3.2.1 Statistical Validity

Each EXFC postal administrative reporting district currently receives approximately 5,000 EXFC mail pieces with an overnight service standard, 1,500 pieces with a two-day standard, and 1,500 pieces with a three-day standard each quarter. The original EXFC system used a precision level of +/-3% to produce statistically valid results at the postal administrative district level over an entire postal quarter. To reach this level of statistical validity, a certain number of pieces must be mailed during a given test period. Over the years, the Postal Service has increased the original sample size, which has driven the precision level to a much narrower variance and enhanced the system's accuracy. Precision levels at the district level for the annual results are now typically under +/-1% for each service standard. To ensure the integrity of the measurement, the Postal Service does not know where EXFC mail is being dropped or received.

At the national level, the current system has a precision level of +/-0.05% across all three days in the current First-Class Mail service standard range (overnight, two-day, three-day) over an entire fiscal year.

The EXFC system has been in place since 1990 and provides accurate, independent, and externally generated service performance results. Quality reviews are conducted for droppers and reporters, and data are reviewed on a daily, weekly, cross-weekly, monthly, and quarterly basis.

#### 3.2.2 "Start-the-Clock"

The date/time that the mail piece is dropped into the collection box, business mail chute, or at a Post Office location is the "start-the-clock." Mail piece droppers report the "start-the-clock" directly to the external service measurement contractor. If a mail piece is dropped at a collection box, business mail chute, or Post Office location after the last posted pickup time or on a day when pickup does not occur, the next pickup day will be used as the "start-the-clock."

The induction points for the "start-the-clock" are determined before the start of each quarter. Droppers are provided with a listing of collection boxes that they are allowed to use for their assigned inductions in a given 3-digit ZIP Code service area. Enough locations are chosen to ensure a certain amount of overage, to accommodate any unforeseen issues that may arise with the selected induction points. The collection boxes are chosen in a random selection process with replacement, meaning that the same induction location may be chosen multiple times. The induction points are weighted going into the selection process, so that locations in 5-digit ZIP Code areas with a larger number of collection boxes have a greater chance of being selected than locations in ZIP Codes areas with a smaller number of collection boxes. The external contractor monitors drop compliance continuously throughout the quarter to ensure proper diversification of mail locations.

EXFC origin-destination mail flows are based on estimated 3-digit ZIP Code origin-destination pair volume flows for

corresponding 3-digit ZIP Code pairs over the past three fiscal years. The number of pieces entered from each district is proportionate to the origin-destination volumes by service standard. The measurement system will be expanded to nearly all 3-digit ZIP Codes in FY 2009.

#### 3.2.3 "Stop-the-Clock"

The date/time that the mail piece is received at a household, small business, or Post Office Box is reported as the "stop-the-clock" directly by the reporter to the external contractor for EXFC reporting purposes. The service performance is the number of calendar days from the "start-the-clock" to the "stop-the-clock." However, if the day of receipt occurs after a non-delivery day (Sunday or a holiday), then one day is subtracted for each non-delivery day.

### 3.3 First-Class Mail Presort Letters

The primary induction method for Presort letters is bulk entry at postal mail processing plants and Business Mail Entry Units (BMEUs) across the United States. Presort First-Class Mail letters represent 25.7% of the total mailstream. The measurement approach proposed by the Postal Service uses externally generated scans of mail pieces containing IMBs by reporters to record in-home delivery dates. In combination with Intelligent Mail scan data collected by the Postal Service, this approach enables the granular level of reporting being sought by the mailing industry.

#### 3.3.1 Adoption Rates

Participation in the Intelligent Mail pilot, the benefits of the IMB for special services, and the expectation that the Postal Service will require IMBs on mail subject to automation discounts are factors that, in combination, are expected to generate 13.6 billion Presort letters with IMBs and the other needed electronic mail information by January 2009. This volume will satisfy the conditions for performance measurement in FY 2009. With required use by January 2009, the minimum estimates for mailer adoption are:

January 2009: 25% of First-Class Mail Presort letters; and

January 2010: 50% of First-Class Mail Presort letters.

### 3.3.2 Statistical Validity

We plan to use the last mile estimate based on combined data from presorted First-Class letters with IMBs and the EXFC pieces with IMBs. Assuming that

25% of presorted First-Class mail will have an IMB and be measurable, the average district will have approximately 6,775 pieces per quarter upon which to base the last mile estimates when presorted First-Class mail is combined with available data from EXFC. The last mile factor estimate with a 95%

confidence interval would be  $\pm 0.5\%$  at the district level on average. Current EXFC data indicates that district last mile factors vary over time and geography, but generally fall in the 2–3% range. The Postal Service anticipates a precision between  $\pm 0.5\%$  and  $\pm 0.6\%$  as illustrated in the table below.

TABLE 4.—PRECISION FOR FIRST-CLASS MAIL PRESORT LETTERS

	Confidence interval (percent)	Last mile factor estimate (percent)	Coverage of IMB + electronic mailing information (percent)	Precision (percent)
First-Class Mail Presort Letters .....	95	2	25	$\pm 0.5$
Presort Letters .....	95	3	25	$\pm 0.6$

It should also be noted that the last mile factor is one piece of the overall service performance estimate, with the performance of the acceptance to final processing scan being the other. The availability of billions of data records to sample from to form these estimates means that the Postal Service can economically take large samples for individual report cells (e.g. Baltimore SCF-entry Standard Mail, Chicago 3-day First-Class Presorted Mail). The estimated precision levels will be shared with the PRC during the development process.

### 3.3.3 “Start-the-Clock”

Mailers are required to prepare mail with IMBs and submit electronic mailing information listing the IMBs used. Mail is verified to ensure it meets mail preparation criteria. Mail that does not meet mail preparation standards will be excluded from service performance in order to ensure that the system produces a valid, reliable measurement score. The “start-the-clock” will be the documented arrival time at the Postal Service unit. Mail arrival times and mail preparation quality information will be made available to mailers.

### 3.3.4 “Stop-the-Clock”

External reporters will be equipped with handheld scanners capable of scanning IMBs and reporters will scan all mail they receive that contains an IMB. These scan data will be transmitted to the external reporting system and will be the “stop-the-clock” for the individually scanned mail pieces. By comparing the date of the final Postal Service scan with the actual receipt date for these pieces, the external measurement contractor will calculate a factor for the actual service performance of the last mile for First-Class Mail Presort letters. This factor

will be combined with the Intelligent Mail data to report the end-to-end service performance measurement.

The use of external reporters will allow for measurement of manually processed mail and mail that falls out of automation to be included in service performance measurement. The external reporters will provide the actual “stop-the-clock” and the external provider will calculate the service performance for those pieces.

### 3.4 First-Class Mail Presort Flats

Presort First-Class Mail flats represent only 0.47% of the total mailstream, producing one of the smallest mail categories. This low volume makes creating a statistically valid measurement system difficult. Since there are four times as many single-piece First-Class Mail flats as there are Presort flats, and the single-piece and Presort flats mailstreams are combined in operations, the Postal Service will use the EXFC measurement of single-piece First-Class Mail flats as a proxy for Presort flats. In order to determine a more accurate estimate for First-Class Mail Presort flats, the portion of EXFC that reflects this mail category, i.e., machine-addressed flats, rather than hand-addressed, will be used.

### 3.5 First-Class Mail Retail Parcels

The Postal Service currently measures service performance for retail parcels via Delivery Confirmation barcode scans. This approach for measuring performance is working well, so the Postal Service will continue using this measurement approach for this mail shape. For reporting purposes, performance results will be sent to the external measurement contractor for inclusion into the First-Class Mail aggregated performance results. First-Class Mail Retail parcels represent

under 0.4% of all First-Class Mail and less than 0.2% of the total mailstream.

### 3.5.1 Statistical Validity

In 2006, just over 14 million First-Class Mail Retail parcels included Delivery Confirmation service, representing 4% of these parcels. While this represents low usage of the Delivery Confirmation service, it is still representative of the population and, hence, provides an acceptable basis for service performance measurement. The Postal Service will continue to use Delivery Confirmation scans as long as they continue to provide accurate, auditable data for service performance measurement.

### 3.5.2 “Start-the-Clock”

Primarily, the “start-the-clock” occurs at the retail counter when customers purchase Delivery Confirmation for parcels they intend to mail. When postal retail clerks apply Delivery Confirmation forms to these parcels, they scan the Delivery Confirmation barcodes on the forms. The scan is captured via either a Point-of-Sale (POS) terminal at the retail counter or an Intelligent Mail handheld scanning device. Since the customer is present at the “start-the-clock” event and receives a time-stamped receipt with purchase, there are several validation points.

### 3.5.3 “Stop-the-Clock”

At delivery, the carrier will scan the Delivery Confirmation barcode to denote delivery or that delivery was attempted, either of which will serve to “stop-the-clock” for service performance measurement.

Retail parcel reporting for service performance measurement will use the date of the “start-the-clock” event and count the days between the “start-the-clock” and the “stop-the-clock” to determine delivery performance. A





TABLE 4-B<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR PRESORT FIRST-CLASS MAIL—MAIL VARIANCE; SAMPLE QUARTERLY REPORT FORMAT WITH MAIL VARIANCE FOR PRESORT FIRST-CLASS MAIL—Continued

District	Overnight			Two-day			Three-day/four-day		
	Within +1-day (percent)	Within +2-day (percent)	Within +3-day (percent)	Within +1-day (percent)	Within +2-day (percent)	Within +3-day (percent)	Within +1-day (percent)	Within +1-day (percent)	Within +2-day (percent)
Mid-Carolinas District .....	XX	XX	XX	XX	XX	XX	XX	XX	XX
No. Virginia District .....	XX	XX	XX	XX	XX	XX	XX	XX	XX
Richmond District .....	XX	XX	XX	XX	XX	XX	XX	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 2 in the Proposal has been changed to Table 4-B.

### 3.7.2 Annual Reporting

Separate national measures will be compiled for each First-Class Mail grouping (single-piece and Presort) and by service standard (one-day, two-day,

and three-day/four-day) for letter, flat, and parcel-shaped First-Class Mail.

Annual performance consists of a weighted average for each First-Class Mail segment that allots weight based on the volume of mail in each district. If the segments are not representatively

distributed, the weighting will ensure that each district counts for its fair share in the national aggregate.

The proposed report format for First-Class Mail Annual Compliance Report is as follows:

TABLE 4-C<sup>1</sup>.—ANNUAL COMPLIANCE REPORT FORMAT FOR FIRST-CLASS MAIL SAMPLE ANNUAL REPORT FORMAT FOR FIRST-CLASS MAIL

Mail class	Goal (percent)	On-time (percent)
First-Class Mail:		
Single-Piece Overnight .....	XX	XX
Single-Piece Two-Day .....	XX	XX
Single-Piece Three-Day/Four-Day .....	XX	XX
Presort Overnight .....	XX	XX
Presort Two-Day .....	XX	XX
Presort Three-Day/Four-Day .....	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 3 in the Proposal has been changed to Table 4-C.

## 4. Single-Piece First-Class Mail International

### 4.1 Background

Outbound single-piece First-Class Mail International pieces are accepted by the United States Postal Service for processing and transfer to foreign postal administrations for delivery in other countries. The service standard for the outbound domestic transit of this mail is the same as for First-Class Mail pieces from the domestic 3-digit ZIP Code of origin to the domestic 3-digit ZIP Code area in which the Postal Service International Service Center (ISC) designated for that origin is located.<sup>18</sup>

Inbound single-piece First-Class Mail International originates from other countries and is destined for delivery to

addresses in 3-digit ZIP Code areas of the United States. The service standard for the inbound domestic transit of this mail is the same as for First-Class Mail that originates from the 3-digit ZIP Code in which the ISC is located to the 3-digit ZIP Code area of the delivery address.

Service performance for the domestic transit of both inbound and outbound single-piece First-Class Mail International is currently measured through the International Mail Measurement System (IMMS), which is operated by an external service performance measurement contractor. The Postal Service plans to continue to use IMMS for this purpose.

IMMS utilizes only letter-shaped mail pieces, which is the predominant shape of both outbound and inbound single-piece First-Class Mail International. The processing of single-piece First-Class Mail International—during either outbound transit from domestic origin to the designated ISC or inbound transit from the designated ISC to the domestic delivery address—is the same as for domestic single-piece First-Class Mail flats and parcels, which are discussed above in Sections 3.2 and 3.5, respectively. The domestic transit service standards are the same.

Accordingly, the Postal Service proposes that the data (EXFC for flats, Delivery Confirmation for parcels) utilized to report for domestic single-piece First-Class Mail flats and parcels be used to serve as a proxy for estimating the service performance for outbound and inbound single-piece First-Class Mail International flats and parcels.

#### 4.1.1 Statistical Validity

The purpose of IMMS is to provide independently gathered, accurate, and reliable information on the transport time for the domestic leg of transit for letters. IMMS is designed as an area-level measurement, as International Mail volume varies substantially by postal administrative district. The volume of outbound IMMS test mail is based on estimated international origin-destination pair volumes. The import distributions are based on the mail profiles obtained from the System of International Revenue and Volume-Inbound. A minimum volume of 1,025 pieces within each postal administrative area, per quarter, is used to deliver measurement results that have a precision of  $\pm 3\%$  at a 95% confidence level.

<sup>18</sup> The postal mail processing network includes a handful of ISCs each of which serves a region of the postal network and is responsible for conducting the initial international processing for outbound international mail or the final international processing for inbound international mail. For outbound mail, the ISC for a postal network region may be the gateway facility from which mail is transported from the postal network to the custody of a foreign postal administration. In a small percentage of cases, outbound mail may be transported from its designated ISC to another ISC for the outbound gateway processing that precedes its exit from the postal network.

#### 4.1.2 “Start-the-Clock”

To test outbound single-piece First-Class Mail International letters, sample international pieces are combined with the bundles created for the domestic EXFC testing program, which is described above in Section 3.2. The date/time that the test bundle is dropped into the collection box or business mail chute is the “start-the-clock” and is reported directly to the independent contractor.

To test inbound single-piece First-Class Mail International letter service performance, sample letters addressed to reporters in the United States employed by the contractor are mailed from foreign countries by droppers employed by the contractor. The IMMS service performance measurement contractor has worldwide operations. To maintain the confidentiality of the program, the identities and addresses of the reporters and droppers (as well as the participating foreign countries of the droppers) are known only to the contractor. The inbound “start-the-clock” tracking begins with the first scan of the PLANET Code series on a piece at the ISC designated for the region of the USPS network that includes the delivery address.

#### 4.1.3 “Stop-the-Clock”

As an outbound international mail letter travels through the domestic

processing system, the PLANET Code<sup>19</sup> information is captured and used to measure its progress. When the letter is sorted at the designated ISC, it receives a PLANET Code scan. The “stop-the-clock” date for an outbound mail piece is the date of the last scan at this facility, unless the scan is after 8 p.m. For example, if the last PLANET Code scan for a piece occurs at 11:30 p.m. on Thursday, July 26, 2007, then the “stop-the-clock” date is Friday, July 27, 2007. The number of transit days for outbound mail is the difference between the induction date and the last PLANET Code read at the designated ISC. Because the “stop-the-clock” event takes place at an ISC, as opposed to a delivery point, the transit days calculation includes Sundays and holidays.

An inbound international mail letter flows through the USPS network from the ISC to the delivery addresses. The “stop-the-clock” data for inbound mail is the date the mailpiece is delivered to a reporter employed by the service measurement contractor. The reporter is part of the EXFC survey group and is responsible for receiving the mail and reporting the date of delivery. The number of transit days for inbound test mail is the difference between the delivery date and the date of the first PLANET Code read or ID tag at the designated ISC. Sundays and holidays

are not included in the transit days calculation for import mailpieces.

Because the service standards for both outbound and inbound single-piece First-Class Mail International flats and parcels are based on the domestic transit of such mail, on-time performance is measured against the same set of origin-destination 3-digit ZIP Code area service standards as domestic First-Class Mail. To determine if a mailpiece is on time, the number of transit days is compared to the service standard for the applicable origin-destination 3-digit ZIP Code pair.

#### 4.2 Reporting Single-Piece First-Class Mail International Letters

##### 4.2.1 Quarterly Reporting

Since not all postal administrative districts have sufficient volumes for reporting, the Postal Service proposes reporting quarterly service performance at a postal administrative area level. Each measurement will include the percent delivered on time for outbound and for inbound single-piece First-Class Mail International letters. All scores are weighted at the area level using proportions derived from a rolling average of estimated volumes for 12 fiscal quarters.

The proposed quarterly report format for single-piece First-Class Mail International letters is as follows:

TABLE 4–D<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR SINGLE-PIECE FIRST-CLASS MAIL INTERNATIONAL; SAMPLE QUARTERLY REPORT FORMAT FOR SINGLE-PIECE FIRST-CLASS MAIL INTERNATIONAL LETTERS

Area	Outbound/Inbound on-time (percent)
Northeast Area .....	xx
New York Metro Area .....	xx
Eastern Area .....	xx
Capital Metro Area .....	xx
Southeast Area .....	xx
Great Lakes Area .....	xx
Western Area .....	xx
Southwest Area .....	xx
Pacific Area .....	xx
NATIONAL .....	xx

<sup>1</sup> For purposes of publication, the reference to Figure 4 in the Proposal has been changed to Table 4–D.

The mail variance for single-piece First-Class Mail International letters will be reported separately with the

percentage of mail that is delivered within one-day, two-days, and three-days of the applicable standard. The

proposed quarterly report format is as follows:

<sup>19</sup> The PLANET Code is a barcode printed on mail pieces by mailers participating in the CONFIRM

program. CONFIRM enables mailers to receive detailed scan information about the pieces they

mail in order to track mail through the postal network.

TABLE 4—E <sup>1</sup>—QUARTERLY SERVICE PERFORMANCE FOR SINGLE-PIECE FIRST-CLASS MAIL INTERNATIONAL MAIL VARIANCE; SAMPLE QUARTERLY REPORT FORMAT WITH THE MAIL VARIANCE FOR SINGLE-PIECE FIRST-CLASS MAIL INTERNATIONAL LETTERS

Area	Within + 1-day (percent)	Within + 2-days (percent)	Within + 3-days (percent)
Northeast Area .....	XX	XX	XX
New York Metro Area .....	XX	XX	XX
Eastern Area .....	XX	XX	XX
Capital Metro Area .....	XX	XX	XX
Southeast Area .....	XX	XX	XX
Great Lakes Area .....	XX	XX	XX
Western Area .....	XX	XX	XX
Southwest Area .....	XX	XX	XX
Pacific Area .....	XX	XX	XX
NATIONAL .....	XX	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 5 in the Proposal has been changed to Table 4—E.

#### 4.2.2 Annual Reporting

The Postal Service proposes reporting national measures for the percentage of single-piece First-Class Mail International letters delivered on time.

Annual performance consists of a weighted average that allots weight based on the volume of mail in every area. If the data are not representatively distributed, the weighting will ensure

that each area counts for the correct portion of the national aggregate.

The proposed report format for the single-piece First-Class Mail International Annual Compliance Report is as follows:

TABLE 4—F. <sup>1</sup>—ANNUAL COMPLIANCE REPORT; SAMPLE ANNUAL REPORT FORMAT FOR SINGLE-PIECE FIRST-CLASS MAIL INTERNATIONAL LETTERS

Mail class	Goal (percent)	On-time (percent)
Single-Piece International First-Class Mail .....	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 6 in the Proposal has been changed to Table 4—F.

## 5. Standard Mail

### 5.1 Background

Standard Mail pieces represented 48.25% of the overall mail volume in FY 2006.<sup>20</sup> At over 100 billion mail pieces per year, it is the largest class of mail. Of Standard Mail, 60.48% are

letters, 38.95% are flats, and 0.56% are parcels. Table 5—Standard Mail Volume below illustrates the make-up of Standard Mail. The table also illustrates the percentage that Standard Mail letters, flats, and parcels represent in relation to the overall mailstream. Because the categories of Standard Mail

have different requirements for mailers and thus are measured differently, this section has been separated into the following sub-sections: non-carrier route letters, non-carrier route flats, saturation letters and carrier route flats, and saturation flats.

TABLE 5.—STANDARD MAIL VOLUME

	Presort			
	Letters	Flats <sup>1</sup>	Parcels	Total (percent)
Standard Mail .....	60.48	38.95	0.56	100
Overall Mailstream .....	29.18	18.79	0.27	48.25

<sup>1</sup> Service performance measurement results for Standard Mail flats will include Package Services flats.

### 5.2 Standard Mail Non-Carrier Route Letters

The primary induction method for non-saturation Standard Mail letters is bulk entry. Standard Mail letters represent 24.68% of the total mailstream. The Postal Service will base service performance measurement on

mail induction, and in-home IMB scan data provided by external reporters.

#### 5.2.1 Adoption Rates

Participation in the Intelligent Mail pilot, the benefits of the IMB for special services, and the upcoming requirement to use the IMB for automation discounts are expected to generate over 13 billion

Standard Mail non-carrier route letters with IMBs and electronic mail information by January 2009. This volume will satisfy the conditions for performance measurement in FY 2009. The estimates for mailer adoption of the IMB and electronic mailing information are:

<sup>20</sup> [http://www.usps.com/financials/\\_pdf/Fy2006\\_RPWsummaryreport.pdf](http://www.usps.com/financials/_pdf/Fy2006_RPWsummaryreport.pdf).

January 2009: 25% of Standard Mail non-carrier route letters; and  
January 2010: 50% of Standard Mail non-carrier route letters.

#### 5.2.2 "Start-the-Clock"

Mailers are required to prepare mail with IMBs and submit electronic mailing information listing the IMBs used. Mail is verified to ensure it meets preparation requirements. Mail that does not meet mail preparation requirements will be excluded from service performance in order to ensure that the system produces a valid, reliable measurement score. Drop shipment mailers create appointments for Standard Mail non-carrier route letters in the Facility Access and Shipment Tracking (FAST) system at designated facilities, which provide electronic advance notification of the mail profile including arrival times. At sites that are equipped with scanners, containers with Intelligent Mail Container barcodes will be scanned to record arrival times. At other sites, the "start-the-clock" will be the documented arrival time at the Postal Service unit. Mail arrival times and mail preparation quality information will be made available to mailers.

#### 5.2.3 "Stop-the-Clock"

External reporters will be equipped with handheld scanners capable of scanning the IMB and will scan all mail they receive containing an IMB. These data will be sent to the external reporting system and will be the "stop-the-clock" for the individually scanned mail pieces. By comparing the date of the final Postal Service scan with the actual receipt date for these pieces, the external service performance measurement contractor will calculate a factor for the actual service performance of the last mile for Standard Mail letters. This factor will be combined with the Intelligent Mail data to form the end-to-end service performance.

The use of external reporters will allow for mail that is not exposed to or that falls out of automation to be included in service performance measurement. The external reporters will provide the actual "stop-the-clock" on such pieces, and the external measurement contractor will calculate the service performance for those pieces that go to the external reporters.

#### 5.3 Standard Mail Non-Carrier Route Flats

The primary induction method for Presort non-carrier route flats is bulk entry. Presort flats represent 6.51% of the total mailstream and, when combined with Standard Mail carrier

route flats, are the third largest mail segment behind Presort First-Class Mail letters and Standard Mail letters. Since Package Services flats are operationally handled in the same manner as Standard Mail non-carrier route flats, the Postal Service plans to include the measurement of Package Services flats in the Standard Mail performance results.

##### 5.3.1 Adoption Rates

Participation in the Intelligent Mail pilot, the benefits of the IMB for special services, and the upcoming requirement to use the IMB for automation discounts are expected to generate over 3.4 billion Standard Mail non-carrier route flats with IMBs and electronic mail information by January 2009. This volume will satisfy the conditions for performance measurement in FY 2009. The estimates for mailer adoption of the IMB and electronic mailing information are:

January 2009: 25% of Standard Mail non-carrier route flats; and

January 2010: 50% of Standard Mail non-carrier route flats.

##### 5.3.2 "Start-the-Clock"

Mailers are required to prepare mail with IMBs and submit electronic mailing information listing the IMBs used. Mail is verified to ensure it meets mail preparation criteria. Mail that does not meet mail preparation standards will be excluded from service performance in order to ensure that the system produces a valid, reliable measurement score. Drop shipment mailers create appointments for Standard Mail flats in FAST at designated facilities providing advance notification of the mail profile including arrival times. At sites that are equipped with scanners, containers with Intelligent Container barcodes will be scanned to record arrival times. At other sites, the "start-the-clock" will be the documented arrival time at the Postal Service unit. Mail arrival times and mail preparation quality information will be made available to mailers.

##### 5.3.3 "Stop-the-Clock"

External reporters will be equipped with handheld IMB scanners and will scan all mail they receive that bears an IMB. The scan data will be sent to the external reporting system and will be the "stop-the-clock" for the individually scanned mail pieces. By comparing the date of the final postal mail processing scan with the actual receipt date for these pieces, the external service measurement contractor can calculate a factor for the actual service performance of the last mile for Standard Mail flats.

This factor will be combined with the Intelligent Mail data to form end-to-end service performance estimates.

#### 5.4 Standard Mail Carrier Route Flats and Saturation Letters

For carrier route flats and saturation letters, the primary induction method is Sectional Center Facility or Delivery Unit dropped bundles and saturation trays. Carrier route flats represented 12.29% of the total mailstream in FY 2006. Due to the distinct characteristics of carrier route flats and saturation letters, the Postal Service is proposing a measurement approach specific to these mail types.

##### 5.4.1 Adoption Rules

In order to be included in service performance measurement, Presort saturation letter mailers must provide electronic mailing information and use the Intelligent Mail series of barcodes. Currently, mailers are not required to print a barcode on carrier route flats.

Starting in January 2009, mailer use of IMBs will be required for automation discounts and mailer adoption is expected to rise substantially during the weeks immediately prior to the effective date. Furthermore, as described in the previous section, non-saturation carrier route flats will migrate to automated processing, and mailers will be required to pre-apply IMBs to facilitate automated sequencing. Over 6.5 billion Standard Mail carrier route flats are expected to have IMBs by January 2009. This growth in IMB and electronic mailing information adoption will provide sufficient volume and representation of the mail category to enable external measurement. The estimates for mailer adoption of the IMB and electronic mailing information are January 25% of Standard Mail carrier route flats and saturation letters; and January 50% of Standard Mail carrier route flats and saturation letters.

##### 5.4.2 "Start-the-Clock"

Mailers are required to prepare mail with IMBs and submit electronic mailing information listing the IMBs used. Mail is verified to ensure it meets mail preparation criteria. Mail that does not meet mail preparation standards will be excluded from service performance in order to ensure that the system produces a valid, reliable measurement score. Drop shipment mailers create appointments for Standard Mail in FAST at designated facilities providing advance notification of the mail profile including arrival times. At sites that are equipped with scanners, containers with Intelligent Container barcodes will be scanned to

record arrival times. At other sites, the “start-the-clock” will be the documented arrival time at the Postal Service unit. Mail arrival times and mail preparation quality information will be made available to mailers.

5.4.3 “Stop-the-Clock”

As with non-carrier route Standard Mail flats, carrier route flats with IMBs will be scanned by external reporters to “stop-the-clock.” However, unique barcodes are not required on carrier route or saturation flats. Though the Postal Service expects an increased adoption of IMBs on these pieces as automation of current carrier route flat mail base increases, there will likely be a portion without unique barcodes on each piece. The Postal Service is exploring methods for external reporters to capture the “stop-the-clock,” such as encouraging mailer adoption of the IMBs for this mail category or through the application of alternate barcodes that will allow postal delivery unit personnel to “stop-the-clock” via scanning. As a contingency, the external service measurement contractor will be required to train reporters to identify carrier route flats mail and have them report delivery of such pieces without an IMB scan. These data will be sent to the external reporting system and will be the “stop-the-clock” for the individual mail pieces. The external service measurement contractor will calculate the service performance for the pieces that go to the external reporters.

5.5 Standard Mail Saturation Flats

The primary induction method for saturation flats are Sectional Center Facility or Delivery Unit dropped bundles. Due to the distinct characteristics of saturation flats, the Postal Service is proposing a measurement approach specific to this mail.

5.5.1 Adoption Rates

In order to be included in service performance measurement, Standard

Mail saturation flats mailers must provide electronic mailing information.

5.5.2 “Start-the-Clock”

The “start-the-clock” for Standard Mail saturation flats will be the documented arrival time at the Postal Service unit.

5.5.3 “Stop-the-Clock”

Unique barcodes are not required on saturation bundled flats. The Postal Service is exploring methods for external reporters to capture the “stop-the-clock,” such as encouraging mailer adoption of the IMBs for this mail, or through the application of alternate barcodes that will allow postal delivery unit personnel to “stop-the-clock” via scanning. As a contingency, the external service measurement contractor will be required to train its reporters to identify saturation flats and to have those reporters record delivery of such pieces without an IMB scan. These data will be sent to the external reporting system and will be the “stop-the-clock” for the individual mail pieces. The external service measurement contractor will calculate the service performance for these pieces that go to the external reporters.

5.6 Standard Mail Parcels

Many Presort Standard Mail parcel shippers chose to purchase special services such as Delivery Confirmation for their mail. For reporting purposes, performance results will be calculated by the Postal Service then sent to the external measurement contract for inclusion into the Standard Mail aggregated results. Standard Mail parcels represent 0.3% of the total mailstream, and 9% of Standard Mail parcels have Delivery Confirmation service. This sample size is more than adequate for service performance measurement of this mail category.

5.6.1 Adoption Rates

Many Presort mailers already meet the electronic mailing information requirements necessary for performance measurement. The Postal Service plans

to expand internal Delivery Confirmation sampling processes that verify shipment contents and the accuracy of the electronic mailing information. As verification becomes more prevalent, the volume of parcels that are measured will increase.

5.6.2 “Start-the-Clock”

The “start-the-clock” for Standard Mail parcels will be the documented arrival time at the Postal Service unit. For mail that is presented at the BMEU, the acceptance of the mailing will be used as the “start the-clock” as long as the mailing meets the preparation requirements.

5.6.3 “Stop-the-Clock”

Postal delivery personnel scan Delivery Confirmation barcodes upon delivery of parcels for which Delivery Confirmation service has been purchased. They can denote the delivery or attempted delivery, either of which will serve to “stop-the-clock.”

5.7 Reporting for Standard Mail

5.7.1 Quarterly Reporting

The Postal Service proposes quarterly reporting for Standard Mail that will measure service performance by administrative district separately for destination entry mail and end-to-end mail. Reporting destination entry mail and end-to-end mail separately by day significantly expands the number of performance measures reported and the number of external reporters required. The proposed measurements provide ample detail to assess the quality of service without becoming cost prohibitive for the Postal Service.

The quarterly reports will provide service performance scores for letter, flat, and parcel-shaped Standard Mail. The Postal Service will send performance data for Standard Mail parcels to the external service performance contractor for consolidated reporting purposes.

The proposed quarterly report format for Standard Mail is as follows:

TABLE 5—A<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR STANDARD MAIL; SAMPLE QUARTERLY REPORT FORMAT FOR STANDARD MAIL

District	Destination entry on-time (percent)	End-to-end on-time (percent)
CAPITAL METRO AREA .....	XX	XX
Baltimore District .....	XX	XX
Capital District .....	XX	XX
South Carolina District .....	XX	XX
Greensboro District .....	XX	XX
Mid-Carolinas District .....	XX	XX
No. Virginia District .....	XX	XX

TABLE 5—A<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR STANDARD MAIL; SAMPLE QUARTERLY REPORT FORMAT FOR STANDARD MAIL—Continued

District	Destination entry on-time (percent)	End-to-end on-time (percent)
Richmond District .....	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 7 in the Proposal has been changed to Table 5-A.

The mail variance for Standard Mail pieces will be reported separately with the percentage of mail that is delivered

within one-day, two-days, and three-days of the applicable standard. The

proposed quarterly report format for Standard Mail variance is as follows:

TABLE 5—B<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR STANDARD MAIL—MAIL VARIANCE; SAMPLE QUARTERLY REPORT FORMAT FOR STANDARD MAIL VARIANCE<sup>2</sup>

	Destination entry			End-to-end		
	Within +1-day (percent)	Within +2-day (percent)	Within +3-day (percent)	Within +1-day (percent)	Within +2-day (percent)	Within +3-day (percent)
CAPITAL METRO AREA .....	XX	XX	XX	XX	XX	XX
Baltimore District .....	XX	XX	XX	XX	XX	XX
Capital District .....	XX	XX	XX	XX	XX	XX
South Carolina District .....	XX	XX	XX	XX	XX	XX
Greensboro District .....	XX	XX	XX	XX	XX	XX
Mid-Carolinas District .....	XX	XX	XX	XX	XX	XX
No. Virginia District .....	XX	XX	XX	XX	XX	XX
Richmond District .....	XX	XX	XX	XX	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 8 in the Proposal has been changed to Table 5-B.

<sup>2</sup> Destination Entry includes DBMC, DSCF, DDU.

#### 5.7.2 Annual Reporting

The Postal Service proposes reporting a national aggregate measure for the percentage of Standard Mail delivered on time. This Annual Compliance Report includes letter, flat, and parcel-

shaped Standard Mail and consists of a weighted average for each Standard Mail segment that allots weight based on the volume of mail in each district. If the segments are not representatively distributed, the weighting will ensure

that each district counts for the appropriate portion of the national aggregate.

The proposed report format for Standard Mail Annual Compliance Report is as follows:

TABLE 5—C<sup>1</sup>.—ANNUAL COMPLIANCE REPORT; SAMPLE ANNUAL REPORT FORMAT FOR STANDARD MAIL

Mail class	Goal	On-time (percent)
Standard mail .....	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 9 in the Proposal has been changed to Table 5-C.

#### 5.7.3 Statistical Validity

The Postal Service anticipates that 25% of Standard Mail will have an IMB and be measurable by January 2009. Using this adoption rate, the average

district will have approximately 4,750 pieces per quarter upon which to base the last mile factor estimates. At 50% IMB coverage, the volume increases to 9,500 pieces per quarter on average. Precision is affected by the last mile

factor estimate and mailer adoption of the IMB and electronic mailing information. The Postal Service anticipates a precision between +/- 0.5% and +/- 0.9% as illustrated in the table below.

TABLE 6.—PRECISION FOR STANDARD MAIL

	Confidence interval (percent)	Last mile factor estimate (percent)	Coverage of IMB + electronic mailing information (percent)	Precision (percent)
Standard Mail .....	95	3	25	+/- 0.75
		3	50	+/- 0.5
		5	25	+/- 0.9
		5	50	+/- 0.7

The assumption of last mile factor estimates in the 3–5% range for Standard Mail service is based on the mix of letter and flat volumes, and is an estimate at this point, which can be refined when data is available.

It should also be noted that the last mile factor is one piece of the overall service performance estimate, with the performance of the acceptance to final processing scan being the other. The availability of billions of data records to sample from to form these estimates means that we can economically take large samples for individual report cells (e.g. Baltimore SCF-entry Standard Mail, Chicago 3-day First-Class Presorted Mail). The estimated precision levels will be shared with the PRC during the development process.

In 2009, the performance of an estimated 2.7 million Standard Mail parcels will be sampled for end-to-end service measurement, representing 9% of these parcels. While this represents low usage of Delivery Confirmation service, it is still representative of the population and, hence, provides an acceptable basis for service performance measurement.

## 6. Periodicals

### 6.1 Background

Periodicals represented just over 4% of the overall mail volume in FY 2006,<sup>21</sup> with 9 billion mail pieces. Periodicals consist of letters and flats, most of which are destination dropped. The Postal Service will use the same measurement approach for both letters

and flats. Since IMB and electronic mailing information adoption for Periodicals is projected to be slower than for Standard Mail and First-Class Mail, the Postal Service will use as an interim approach for performance measurement while IMB and electronic mailing information adoption rates grow. The interim approach relies on external reports generated by Red Tag and DelTrak, which conduct performance research independently.

### 6.2 Periodicals Letters and Flats

All Periodicals are bulk entry, and the vast majority of the volume is flats. Table 7—Periodicals Mail Volume illustrates the make-up of Periodicals Mail. It also illustrates the percentage that each Periodicals shape represents within the overall mailstream.

TABLE 7.—PERIODICALS MAIL VOLUME

	Letters (percent)	Flats (percent)	Total (percent)
Periodicals .....	1.56	98.4	100.0
Overall Mailstream .....	0.07	4.2	4.25

### 6.2.1 Adoption Rates

Initial adoption of IMBs is projected to be slower for Periodicals than for First-Class Mail and Standard Mail. However, revisions to the technical specifications for the IMB and recent successful tests indicate the IMB is viable for Periodicals. With required use by January 2009, the conservative estimates for IMB and electronic mailing information adoption for Periodicals are:

FY 2009: 10.25% of letters and flats; and

FY 2010: 25+% of letters and flats.

These estimates equate to just over 2.2 billion Periodicals with IMBs and electronic mailing information that satisfy the conditions for performance measurement in FY 2009.

### 6.2.2 Statistical Validity

Different numbers of districts in each area, as well as varying mail volumes and mixes make it challenging to estimate the precision level for Periodicals at this time without the methodology for calculations being fully developed. The Postal Service will continue to work on trying to estimate what precision will likely be achieved, but do not currently have the data or assumptions necessary to make an educated estimate.

### 6.2.3 Interim Approach

In FY 2008, the Postal Service is evaluating two existing mailer-operated measurement systems, Red Tag and DelTrak, to measure Periodicals service performance. The “start-the-clock” for both systems is the mailer-reported induction time. For DelTrak, the transportation company hired by the mailer is required to enter the date/time when mail is dropped at a postal facility. The Postal Service has discussed adding the FAST appointment number to both DelTrak and Red Tag, so the reported “start-the-clock” could be audited in the same manner as is being planned for the long-term IMB-based approach. For Red Tag and DelTrak, the “stop-the-clock” is the delivery date reported online by the external reporters. These external reporters are mainly concentrated in postal administrative districts with high population density. Due to the limited number of reporters participating in these programs, data will only be statistically valid for the desired precision at a national aggregate level. In 2008, the Postal Service is conducting evaluations of these systems to ensure valid data can be available in FY 2008 and used for reporting in FY 2009.

### 6.2.4 “Start-the-Clock”

Mailers are required to prepare mail with IMBs and submit electronic mailing information listing the IMBs used. Mail is verified to ensure it meets mail preparation criteria. Mail that does not meet mail preparation standards will be excluded from service performance in order to ensure that the system produces a valid, reliable measurement score. Drop shipment mailers provide advance notification in FAST at designated facilities, providing mail profile, to include arrival times. At sites that are equipped with scanners, containers with Intelligent Container barcodes will be scanned to record arrival times. At other sites, the “start-the-clock” will be the documented arrival time at the Postal Service unit. Mail arrival times and mail preparation quality information will be made available to mailers.

### 6.2.5 “Stop-the-Clock”

External reporters will be equipped with handheld IMB scanners and will scan any IMBs on mail that they receive. These scan data will be sent to the external reporting system and will be the “stop-the-clock” for the individually scanned mail pieces. By comparing the date of the final postal mail processing scan with the actual receipt date for these pieces, the external service

<sup>21</sup> [http://www.usps.com/financials/\\_pdf/Fy2006\\_RPWsummaryreport.pdf](http://www.usps.com/financials/_pdf/Fy2006_RPWsummaryreport.pdf).



measurement contractor can calculate a factor for the actual service performance of the last mile for Periodicals. This factor can be combined with the Intelligent Mail data to form the end-to-end service performance measure.

### 6.3 Reporting for Periodicals

#### 6.3.1 Quarterly Reporting

In 2008, the Postal Service is reviewing Red Tag and DelTrak data for reporting at the national level on a quarterly basis for the reasons stated above. The Postal Service is currently in discussions with both the operators of DelTrak and Red Tag to develop and setup the system for combined measurement no later than FY 2009; however, the initial proposed format includes national aggregate scores for percent delivered on time, and within 1-day, 2-days, and 3-days of the applicable standard.

Due to the slower projected adoption rates for Periodicals, the Postal Service proposes reporting service performance

at a postal administrative area level in the interim until the volume of Periodicals with IMBs and electronic mailing information is reliable enough to provide statistically significant results at a lower level of aggregation.<sup>22</sup> As IMB and electronic mailing information adoption grows and additional performance data become available, the granularity will increase and allow for reporting at the district level.

The proposed quarterly report format for Periodicals is as follows:

TABLE 7-A<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR PERIODICALS; SAMPLE QUARTERLY REPORT FORMAT FOR PERIODICALS

Area	On-time (percent)
Northeast Area .....	XX
New York Metro Area .....	XX
Eastern Area .....	XX

TABLE 7-A<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR PERIODICALS; SAMPLE QUARTERLY REPORT FORMAT FOR PERIODICALS—Continued

Area	On-time (percent)
Capital Metro Area .....	XX
Southeast Area .....	XX
Great Lakes Area .....	XX
Western Area .....	XX
Southwest Area .....	XX
Pacific Area .....	XX
NATIONAL .....	XX

<sup>1</sup> For purposes of publication, the reference to Figure 10 in the Proposal has been changed to Table 7-A.

The mail variance for Periodicals will be reported separately, reflecting the percentage of mail that is delivered within one-day, two-days, and three-days of the applicable standard. The proposed quarterly report format with the mail variance for Periodicals is as follows:

TABLE 7-B.<sup>1</sup>—QUARTERLY SERVICE PERFORMANCE FOR PERIODICALS MAIL VARIANCE; SAMPLE QUARTERLY REPORT FORMAT WITH MAIL VARIANCE FOR PERIODICALS

Area	Within + 1-day (percent)	Within + 2-days (percent)	Within + 3-days (percent)
Northeast Area .....	XX	XX	XX
New York Metro Area .....	XX	XX	XX
Eastern Area .....	XX	XX	XX
Capital Metro Area .....	XX	XX	XX
Southeast Area .....	XX	XX	XX
Great Lakes Area .....	XX	XX	XX
Western Area .....	XX	XX	XX
Southwest Area .....	XX	XX	XX
Pacific Area .....	XX	XX	XX
NATIONAL .....	XX	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 11 in the Proposal has been changed to Table 7-B.

#### 6.3.2 Annual Reporting

The Postal Service proposes reporting national measures for the percentage of Periodicals mail delivered on time.

Annual performance consists of a weighted average for each Periodicals segment that allots weight based on the volume of mail in every district. If the data are not representatively distributed, the weighting will ensure that each

district counts for the correct portion of the national aggregate.

The proposed report format for Periodicals Mail Annual Compliance Report is as follows:

TABLE 7-C.<sup>1</sup>—ANNUAL COMPLIANCE REPORT; SAMPLE ANNUAL REPORT FORMAT FOR PERIODICALS

Mail class	Goal	On-time (percent)
Periodicals .....	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 12 in the Proposal has been changed to Table 7-C.

## 7. Intelligent Mail Adoption

As reflected in the three sections above pertaining to First-Class Mail, Standard Mail and Periodical pieces, the

Postal Service intends to rely on Intelligent Mail Barcodes as a central component of service performance measurement. That is not the case for

Package Services. Accordingly, before discussing Package Services below in Section 8, it is worthwhile to emphasize several important considerations

<sup>22</sup> A postal area is the administrative level directly below national headquarters and is

comprised of multiple subordinate postal districts. There are currently nine areas that span the entirety

of the postal network; each of the 80 districts is part of one area.

relevant to IMBs and electronic mailing information.

During initial discussions with the PRC, concerns were raised regarding IMB adoption. Mailer participation and adoption of the Intelligent Mail series of barcodes and associated electronic mailing information is critical to the success of service performance measurement. The Postal Service is evaluating strategies to encourage mailer adoption and has been collaborating with the industry to mitigate potential adoption obstacles.

#### 7.1 Intelligent Mail Pilot

The Postal Service launched the Intelligent Mail system pilot with Presort First-Class Mail letters in September 2006. Following the success of the initial pilot, the program expanded to include Standard Mail letters and flats in July 2007. By the end of FY 2007, over 350 mailings and 18 million mail pieces from five large mailers and presort companies have been tracked and service measurement calculated. The Postal Service is using this pilot to demonstrate the mailers' ability to meet the mail make-up

requirements for service measurement and the Postal Service's ability to calculate measurement and Seamless Acceptance. When the service performance measurement system is implemented for letter and flat shaped mail, an external contractor will perform the calculations.

The pilot is in the process of expanding by increasing the volume of tracked mail pieces and adding more mail acceptance sites. As of October 2007, the average Intelligent Mail volume is forecasted to increase to 1.4 million pieces per day and 7 million per week. In January 2008, the addition of new mailers to the pilot will increase Intelligent Mail volume to an average of 7 million pieces per day and 35 million pieces per week. These volumes and mailer capabilities demonstrate the feasibility of the system.

#### 7.2 Growth of Intelligent Mail Barcode (IMB) Adoption

A major component of the new system is the IMB. The IMB has only been available to mailers for a little over a year. The chart below illustrates the capability of the industry to provide the

volumes needed for measurement. The volumes show continued growth between June and September 2007. During the first year of use, postal mail processing equipment scanned over one billion IMBs. By September 2007, 135 medium-to-large-volume postal customers and data consolidators were using IMBs, and approximately 2% of scans on postal automation equipment were IMBs.

The following figure shows actual IMB scans for previous three months and an estimated trend line depicting the growth.

[Figure 13, captioned "Growth of IMBs," is not reproduced here. It can be viewed by accessing the pdf version of the Service Performance Measurement filing (December 5, 2007) posted on the Commission's web site.]

With the January 2009 requirement to utilize IMBs, there is a potential for IMB volumes to exceed 2 billion per week and 100 billion per year at that point.

The table below contains estimated mailer adoption rates of both the IMB and the electronic mailing information for performance measurement.

TABLE 8.—ESTIMATED MAILER ADOPTION RATES

	2009 (percent)	2010 (percent)
First-Class Mail:		
Presort Letters .....	25–50	50–75
Standard Mail:		
Letters .....	25–50	50–75
Flats .....	25–50	50–75
Periodicals:		
All .....	10–25	25–75

## 8. Package Services

### 8.1 Background

Package Services market-dominant products include single-piece Parcel Post, Bound Printed Matter, Library Mail, and Media Mail. Presort Package Services flat-shaped mail is mainly composed of oversized catalogs, which are operationally handled the same as Standard Mail flats. Accordingly, the Postal Service will measure and report on Presort Package Services flats using the same approach as Standard Mail.

Package Services parcel-shaped mail represented less than 0.3 of the overall mail volume in FY 2006.<sup>23</sup> Among

Package Services parcels, 16 are Retail and 84 are Presort.

Measurement sample size for parcels is significantly higher than for letter and flat-shaped mail. This is due to the inclination of mailers to purchase Delivery Confirmation on parcels, especially Presort parcels. For Retail parcel-shaped Package Services mail, the Postal Service captures the "start-the-clock" at the retail counter as part of the Delivery Confirmation payment transaction. The "stop-the-clock" is captured at delivery or attempted delivery. The result is an unparalleled scanning volume that creates a sample size more than sufficient for

performance measurement. For Presort Package Services parcels, mailers are currently required to submit electronic mailing information, which will be used for verification of shipment contents and mail preparation quality. As the verification processes are rolled out nationally, the volume of Presort parcels that are measured will increase.

Table 9—Package Services Parcel-Shaped Mail Volume illustrates the make-up of parcels by entry method. The table also illustrates the percentage that market-dominant Package Services parcel-shaped mail represents within the overall domestic mailstream.

<sup>23</sup> [http://www.usps.com/financials/\\_pdf/Fy2006\\_RPWsummaryreport.pdf](http://www.usps.com/financials/_pdf/Fy2006_RPWsummaryreport.pdf).

TABLE 9.—PACKAGE SERVICES PARCEL-SHAPED MAIL VOLUME

	Retail (percent)	Presort (percent)	Total (percent)
Package Services (Parcel-shaped) .....	16.0	84.0	100.0
Total Domestic Mailstream .....	0.04	0.23	0.27

### 8.2 Retail Package Services

The Postal Service currently measures service performance for Package Services Retail mail via Delivery Confirmation scans. This approach for measuring performance is working well, so there are no plans to change the measurement method for this mail. Retail Package Services mail represents 16.0% of all Package Services parcels, but only 0.04% of the total mailstream. Delivery Confirmation is included on 15% of such parcels, which represents a significant portion of the mail.

#### 8.2.1 Statistical Validity

In 2006, over 14 million Package Services parcels included Delivery Confirmation service, representing 15% of these parcels. Since nearly all of these parcels are scanned at retail and delivery, this measurement is representative and, hence, provides an acceptable basis for service performance measurement.

In 2009, the performance of an estimated 2.7 million parcels will be sampled for service measurement, representing 9% of these parcels. While this represents low usage of Delivery Confirmation service, it is still representative of the population and, hence, provides an acceptable basis for service performance measurement.

#### 8.2.2 “Start-the-Clock”

The “start-the-clock” for Retail Package Services mail occurs at the retail counter when the customer purchases Delivery Confirmation. When retail clerks apply the Delivery Confirmation forms to parcels, they scan the Delivery Confirmation form barcodes. The scans are captured via either a POS terminal at the retail counter or an Intelligent Mail handheld scanning device. Because the customer is present at the “start-the-clock” event and receives a time-stamped receipt with purchase, there are several validation points.

### 8.2.3 “Stop-the-Clock”

Postal delivery personnel scan the Delivery Confirmation barcodes upon delivery or attempted delivery, either of which will serve to “stop-the-clock.”

### 8.3 Presort Package Services

Presort Package Services mail represent 84.0% of all parcel-shaped Package Services mail volume and 0.23% of the total mailstream. Delivery Confirmation service is included on 21% of Presort Package Services mail pieces.

#### 8.3.1 Adoption Rates

Many mailers already meet the electronic mailing information requirements necessary for performance measurement. The Postal Service plans to expand internal Delivery Confirmation sampling processes that verify shipment contents and the accuracy of the electronic mailing information. As verification becomes more prevalent, the volume of parcels that are measured will increase.

#### 8.3.2 Statistical Validity

With the selected approach, the performance of an estimated 5 million parcels will be sampled for service measurement in FY 2009. Since the 21% of the mail category contains Delivery Confirmation service, concerns about the representativeness of the sample used to measure service performance are minimal.

#### 8.3.3 “Start-the-Clock”

The “start-the-clock” for Presort Package Services is the documented arrival time at the Postal Service unit. Since it is not practical to scan every parcel in the Presort shipment, the Postal Service will instead scan a subset of the parcels to validate shipment content. For mail that is presented at the BMEU, the acceptance of the mailing will be used as the “start-the-clock” as long as the mailing meets the

preparation requirements. As with mailings that enter at the dock, the Postal Service will scan containers that have an Intelligent Mail Container barcode to validate mailer shipment content and the acceptance time.

### 8.3.4 “Stop-the-Clock”

Postal delivery personnel scan Delivery Confirmation barcodes upon delivery or attempted delivery, either of which will serve to “stop-the-clock” for service performance measurement.

### 8.4 Reporting for Package Services

#### 8.4.1 Quarterly Reporting

The Postal Service proposes reporting quarterly on the percentage of mail that is delivered on time. The proposed quarterly report format for Package Services parcels is as follows:

TABLE 9—A<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR PACKAGE SERVICES; SAMPLE QUARTERLY REPORT FORMAT FOR PACKAGE SERVICES PARCELS

District	On-time (percent)
CAPITAL METRO AREA .....	XX
Baltimore District .....	XX
Capital District .....	XX
South Carolina District .....	XX
Greensboro District .....	XX
Mid-Carolinas District .....	XX
No. Virginia District .....	XX
Richmond District .....	XX

<sup>1</sup> For purposes of publication, the reference to Figure 14 in the Proposal has been changed to Table 9—A.

The mail variance for Package Services parcels will be reported separately with the percentage of mail that is delivered within one-day, two-days, and three-days of the applicable standard. The proposed quarterly report format with the mail variance for Package Services is as follows:

TABLE 9.—B<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR PACKAGE SERVICES MAIL VARIANCE; SAMPLE QUARTERLY REPORT FORMAT WITH MAIL VARIANCE FOR PACKAGE SERVICES PARCELS

District	Within + 1-day (percent)	Within + 2-days (percent)	Within + 3-days (percent)
CAPITAL METRO AREA .....	XX	XX	XX

TABLE 9.—B<sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR PACKAGE SERVICES MAIL VARIANCE; SAMPLE QUARTERLY REPORT FORMAT WITH MAIL VARIANCE FOR PACKAGE SERVICES PARCELS—Continued

District	Within + 1-day (percent)	Within + 2-days (percent)	Within + 3-days (percent)
Baltimore District .....	XX	XX	XX
Capital District .....	XX	XX	XX
South Carolina District .....	XX	XX	XX
Greensboro District .....	XX	XX	XX
Mid-Carolinas District .....	XX	XX	XX
No. Virginia District .....	XX	XX	XX
Richmond District .....	XX	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 15 in the Proposal has been changed to Table 9—B.

#### 8.4.2 Annual Reporting

The Postal Service proposes reporting national measures for the percentage of Package Services mail delivered on

time. Annual performance consists of a weighted average that allots weight based on the volume of mail in each district. If the data are not representatively distributed, the

weighting will ensure that each district counts for its fair share in the national aggregate. The proposed report format for Parcels Annual Compliance Report is as follows:

TABLE 9—C.<sup>1</sup>—ANNUAL COMPLIANCE REPORT; SAMPLE ANNUAL REPORT FORMAT FOR PACKAGE SERVICES

Mail class	Goal (percent)	On-time (per- cent)
Package Services .....	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 16 in the Proposal has been changed to Table 9—C.

## 9. Special Services

### 9.1 Background

There are two categories of special services: ancillary and stand-alone. Ancillary special services are purchased in addition to the postage applicable to First-Class Mail, Periodicals, Standard Mail, and Package Services. These optional special services are varied in nature and include Delivery Confirmation, Signature Confirmation, Certified Mail, Return Receipt, Registered Mail, Collect on Delivery, Address Correction Service, and CONFIRM, among others. In contrast to ancillary special services, stand-alone special services are not contingent on sending or receiving a particular mail piece and include services such as P.O. Box Service and Address List Services.

### 9.2 Delivery Confirmation, Signature Confirmation, Certified Mail, Registered Mail, Electronic Return Receipt, and Collect on Delivery

A principal feature of these special services is the electronic provisioning of information by the Postal Service to the sender regarding the delivery status of a particular mail piece. That information may consist of confirmation that delivery was attempted, completed, or that a copy of the recipient's signature was captured.

For a number of these services, delivery-related information is generated by postal scanning of mail

pieces at delivery units or during delivery. Before the completion of daily work shifts, postal delivery personnel dock their portable handheld scanners, so that delivery information pertinent to each scanned mail piece can be transmitted to appropriate postal data systems. New scanners currently being deployed allow for signatures to be captured at delivery and transmitted with the delivery information. Delivery information captured is then made available to the purchaser of the special service.

The service measurement for Delivery Confirmation, Signature Confirmation, Certified Mail, Registered Mail, electronic Return Receipt, and Collect on Delivery will use barcode scans to measure the time between when delivery information was collected and when that information was made available to the customer. When the delivery event scan is captured by the handheld scanner, a timestamp is associated to the scan; this is the “start-the-clock.” Once the device is docked, the delivery event scan information is transmitted to the centralized system where it is made available to customers and the posting time is recorded. The posting time is the “stop-the-clock.”

### 9.3 CONFIRM and Address Correction

Electronic information from the Postal Service to the sender is a key component for CONFIRM and automated Address Correction services

as well. CONFIRM scanning of mail and identification of automated address correction of applicable mail pieces are performed passively by automated mail processing equipment, which then transmit information to postal data systems. Information from these systems is made available to the purchaser of the special service.

The service measurement for CONFIRM and automated Address Correction will use the IMB to measure between the time scan information was collected and the time scan information was made available to the customer. When the piece is scanned, a timestamp is associated to the scan to provide the “start-the-clock.” When the scan information is transmitted to the centralized system and made available to customers, the posting time is recorded. The posting time is the “stop-the-clock.”

### 9.4 P.O. Box Service

Post Office Box Service will be internally measured using scanning technology to ensure timely availability of the mail by the posted “uptime.” The “uptime” is the time of day by which customers can expect to collect the mail that is committed for that day from their P.O. Box. A barcode will be placed in the P.O. Box Section that the Postal Service will scan after the distribution of this mail is complete. USPS will evaluate performance by comparing the actual completion of the box

distribution for this mail compared to the posted “uptime” for the location.

#### 9.5 Insurance Claims Processing

The Customer Inquiry Claims Response System (CICRS) is an application used to process indemnity claims when insured articles are lost or damaged in the mail. For domestic claims, after the customer has completed the appropriate claim form, Postal Service employees complete the claim form and submit it for processing via the CICRS system. The claim is keyed into the system and the data is uploaded for processing. CICRS processing includes identifying claims that are not complete and require additional information from the customer. Correspondence is automatically generated and mailed to the customer requesting the missing information, which includes instructions with where to send the additional information. Once all information is received by CICRS, the system will proceed to the claims processing resolution phase. The date that all information is available for claims processing resolution is the “start-the-clock.” Depending on the value of the item lost or damaged, the claim may be automatically paid or denied by the system or sent for review by an adjudicator or consumer advocate. The adjudicator or consumer advocate decides if the claim should be paid, denied, or closed. The date either the

system or the adjudicator pays, denies, or closes the claim is the “stop-the-clock.”

#### 9.6 Money Order Inquiry Processing

The Money Order Inquiry System (MOIS) is an application used to process Postal Money Order inquiries made by customers. After the customer has completed the appropriate form, Postal Service employees submit the form to a centralized unit for processing. The inquiry is scanned into the system and the data are uploaded for processing. MOIS processing includes verifying if the money order subject to inquiry has been cashed, by running the money order number against a database of cashed money orders. The system generates correspondence to customers regarding the status of the money order in question. The Postal Service intends to establish a service standard of 15 business days for this service. The “start-the-clock” is the date the Money Order Inquiry form is filed by the customer; the “stop-the-clock” is the date the money order inquiry information is issued to the customer by the Money Order Inquiry System.

#### 9.7 Address List Services

Address List Services are available to customers seeking correction of the addresses or ZIP Codes on their mailing lists, or the sequencing of their address cards. Address Changes for Election Boards, corrections of addresses or ZIP

Codes on mailing lists, and Sequencing of Address Cards will use an external customer survey to measure customer satisfaction with the timeliness of receipt for their address list request. The service performance measure will include the customer satisfaction percentage.

#### 9.8 Reporting

##### 9.8.1 Quarterly Reporting

The Postal Service proposes reporting Delivery Confirmation, Signature Confirmation, Certified Mail, Registered Mail, electronic Return Receipt, and Collect on Delivery as an aggregate score on a quarterly basis by district. The service standards for these special services are aggregated as they all measure the time elapsed from when the delivery information is captured by the Postal Service until it is available to the customer. The Post Office Box Service will also be reported quarterly by district.

Since CONFIRM, Address Correction, Insurance Claims Processing, Money Order Inquiry Processing, and Address List Services are national services and are not linked with particular postal districts, they will be reported at a national level. The Postal Service proposes reporting quarterly on the percentage of those services that meet the service standard.

The proposed quarterly report format for Special services is as follows:

TABLE 9.—D <sup>1</sup>.—QUARTERLY SERVICE PERFORMANCE FOR SPECIAL SERVICES; SAMPLE QUARTERLY REPORT FORMAT FOR SPECIAL SERVICES REPORTED AT THE DISTRICT LEVEL

District	Delivery information special services combined score <sup>2</sup> on-time (percent)	Post office box service on-time (percent)
CAPITAL METRO AREA .....	XX	XX
Baltimore District .....	XX	XX
Capital District .....	XX	XX
South Carolina District .....	XX	XX
Greensboro District .....	XX	XX
Mid-Carolinas District .....	XX	XX
No. Virginia District .....	XX	XX
Richmond District .....	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 17 in the Proposal has been changed to Table 9—D.

<sup>2</sup> Includes Delivery Confirmation, Signature Confirmation, Certified Mail, Registered Mail, electronic Return Receipt, and Collect on Delivery.

The proposed quarterly report format for CONFIRM, Address Correction, Insurance Claims Processing, Postal

Money Order Inquiry Processing, and Address List Services is as follows:

TABLE 9—E.<sup>1</sup>—QUARTERLY REPORT FOR SPECIAL SERVICES; SAMPLE QUARTERLY REPORT FORMAT FOR SPECIAL SERVICES REPORTED AT THE NATIONAL LEVEL

	Confirm on-time	Address correction on-time (percent)	Insurance claims processing on-time (percent)	Money order inquiry on-time (percent)	Address list services satisfied (percent)
NATIONAL .....	XX	XX	XX	XX	XX

<sup>1</sup> For purposes of publication, the reference to Figure 18 in the Proposal has been changed to Table 9—E.

### 9.8.2 Annual Reporting

Due to the numerous different measurements presented in the Special Service category, the Postal Service will develop an annual index or indices that consolidate the multiple measurements into an aggregate score(s). The exact approach is still being developed; however, the methodology is intended to be similar to the aggregate measurement used for the Customer Service Measurement (CSM).

### 10. Service Performance Measurement Validation

Every aspect of the service performance measurement system must reflect the highest degree of commitment to data integrity. Accordingly, the Postal Service will implement appropriate internal control processes in addition to the existing quality control processes in place for the external measurement systems (EXFC and IMMS). The existing measurement systems apply a proven and auditable approach to quality assurance backed

up by 17 years experience in mail performance measurement.

The Postal Service's proposed measurement approach includes internal validation processes to ensure data quality. Business rules will be defined to ensure that only mailings that do not meet mail preparation standards are excluded from service performance. In addition, service performance data will be made available to the Office of the Inspector General (OIG) for auditing purposes.

### 11. Appendix

#### 11.1 Appendix I—Mail Volumes

	Single-piece				Presort							ALL
	Letters	Flats	Parcels		Letters		Flats		Parcels			2006 Total
	2006 Total volume	2006 Total volume	2006 Total volume	2006 DelCon	2006 Total volume	2009 Adop-tion	2006 Total volume	2009 Adop-tion	2006 Total volume	2006 DelCon	2009 Sample	
1. Total Mail Volume by Mail Classification (000's)**												
Adoption Rate	.....	.....	.....	.....	.....	25%	.....	25%	.....	.....	5%	.....
First-Class	..... 38,127,475	..... 3,405,121	..... 350,979	..... 14,208	..... 54,550,677	..... 13,637,669	..... 993,985	..... 248,496	..... 189,216	..... 89,782	..... 4,489	..... 97,617,453
Periodicals	.....	.....	.....	.....	..... 140,682	..... 35,171	..... 8,880,202	..... 2,220,051	.....	.....	.....	..... 9,020,884
Standard	.....	.....	.....	.....	..... 61,971,735	..... 15,492,934	..... 39,911,201	..... 9,977,800	..... 576,623	..... 54,473	..... 2,724	..... 102,459,559
Standard Carrier Route	.....	.....	.....	.....	..... 9,561,885	..... 2,390,471	..... 26,087,072	..... 6,521,768	.....	.....	.....	..... 36,648,967
Standard Non Carrier Route	.....	.....	.....	.....	..... 52,409,850	..... 13,102,463	..... 13,824,129	..... 3,456,032	.....	.....	.....	..... 66,810,602
Package Services *	.....	..... 12,000	..... 93,599	..... 14,105	.....	.....	..... 326,374	..... 81,594	..... 490,738	..... 103,108	..... 5,155	..... 922,711

\* Package Services excludes Parcel Select because it is not a market dominant product and Service Performance Measurement is not required.

\*\* 2006 Total mail volume sums to 210 billion due the exclusion of Parcel Select because it is not a market dominant product.

2. Percent of Mail Class												
First-Class .....	39.058%	3.488%	0.360%	0.015%	55.88%	13.97%	1.02%	0.25%	0.19%	0.09%	0.26%	100.000%
Periodicals .....					1.56%	0.39%	98.44%	24.61%				100.000%
Standard .....					60.48%	15.12%	38.95%	9.74%	0.56%	0.05%	0.16%	100.000%
Standard Carrier Route ..					26.82%	6.71%	73.18%	18.29%				100.000%
Standard Non Carrier Route ..					78.45%	8.42%	20.69%	9.69%				100.000%
Package Services .....		1.301%	10.144%	1.529%			0.92%	0.23%	53.18%	11.17%	0.30%	100.000%

3. Percent of Total Mailstream												
First-Class .....	17.955%	1.604%	0.165%	0.007%	25.690%	6.422%	0.468%	0.117%	0.089%	0.042%	0.002%	45.971%
Periodicals .....					0.066%	0.017%	4.182%	1.045%				4.248%
Standard .....					29.184%	7.296%	18.795%	4.699%	0.272%	0.026%	0.001%	48.252%
Standard Carrier Route ..					4.503%	1.126%	12.285%	3.071%				16.788%
Standard Non Carrier Route ..					24.681%	6.170%	6.510%	1.628%				31.463%
Package Services .....		0.006%	0.044%	0.007%			0.154%	0.038%	0.231%	0.049%	0.002%	0.435%

	FY '09 volume per household <sup>a</sup>	FY '09 IMB/electronic mailing information adoption	FY '09 IMB volume per household	Volume at external reporters
4. Estimated Volume to External Reporters				
First-Class Mail—Single-piece .....	223	N/A	N/A	N/A
First-Class Mail—Presort .....	296	25%	74	740,000
Standard .....	760	25%	190	1,900,000
Periodicals .....	59	10–25%	5.9–14.75	59,000–147,500

<sup>a</sup>Per 2006 Household Diary Study

Table 1 includes the total mail volumes in FY 2006 for each mail category. This table also includes the projected IMB and electronic mailing information adoption rates for FY 2009 and the estimated volumes for each year. The estimated volumes for FY 2009 represent the total mail volumes that will be included in service performance measurement. All volumes are in thousands.

Table 2 depicts the percent of the mail class that the mail category represents. For instance, single-piece First-Class Mail letters make up 39.058% of all First-Class Mail.

Table 3 illustrates the percent of the total mailstream that the mail category represents. For example, single-piece First-Class Mail letters make up 17.955% of the entire mailstream.

Table 4 provides an estimate of the volume expected to be received by the external reporters in FY 09. The volumes were estimated as follows:

According to the 2006 USPS Household Diary Study, 1338 non-expedited mail pieces were received per U.S. household during the past year broken down into the volumes shown in FY '09 Volume Per Household;

Applying the Adoption Rates the result is FY '09 IMB Volume Per Household; and

Since there will be 10,000 external reporters, the total mail volume scanned by external reporters is shown in Volume @ External Reporters.

This estimate provides the number of pieces with end-to-end service measured by the external reporters in order to determine the factor differential for each mail category.

This analysis assumes uniform distribution of the mail for each mail class and mail shape. It also assumes reporters never miss a day reporting and no mail received by reporters is excluded due to improper mailer preparation.

## 11.2 Appendix II—Enablers

The success of the service performance measurement system relies on many efforts already underway at the Postal Service. The Postal Service expects completion of all components needed for service performance measurement by 2009.

### 11.2.1 Intelligent Mail Series of Barcodes

The Postal Service has recently introduced three new Intelligent Mail barcodes that enable the tracking of pieces, handling units, and containers as they move across the Postal Service network. Each of these barcodes are mailer applied and have a common customer identifier called the Mailer ID (MID) which can be used to associate the mail asset to the appropriate mailer. Each barcode also has a field that is used to support a serial number allowing mailers of any size to identify their mail assets.

The Mailer ID field within the Intelligent Mail barcodes is used to identify Mail Owners and/or Mailing Agents. The MIDs are assigned by the Postal Service to each Mail Owner and/or Mailing Agent that requests them. A MID can be a 9-digit field or a 6-digit identifier and is assigned based on the annual mail volume of the mailer. MIDs are used in the Intelligent Mail barcode, Intelligent Mail Tray barcode, and Intelligent Mail Container barcode. [Figure 19, captioned “Intelligent Mail Series of Barcodes” is not reproduced here. It can be viewed by accessing the pdf version of the Service Performance Measurement filing (December 5, 2007) posted on the Commission’s Web site.]

*Intelligent Mail Barcode (IMB).* The Intelligent Mail barcode is a 31-digit Postal Service barcode used to sort and track letters and flats. Unlike the POSTNET barcode that only contains the delivery point ZIP Code, the new Intelligent Mail barcode contains additional fields such as the Service Type Indicator, Mailer ID, and Serial Number. These fields expand the ability to track individual pieces and provide greater visibility into the mailstream. With this Intelligent Mail barcode, a mailer can request services such as tracking and address correction all in one barcode. The Intelligent Mail barcode allows the mailer to number mail so that each mailpiece in a mailing can be uniquely identified. It contains a Mailer ID field that allows the mailer to obtain data about mailings.

*Intelligent Mail Tray Barcode.* A cornerstone of the overall tracking strategy is the capability to uniquely

track handling units such as trays, sacks, and tubs. The tray label that is in use today is a 10-digit label used solely for routing. The new transitional label, the 10/24, has the old barcode on it and a new 24-digit Intelligent Mail Tray barcode. The 24-digit barcode includes routing information and data that can uniquely identify handling units and allows for the identification and tracking of the progress of trays, sacks, and tubs. The inclusion of the old 10-digit label is a transitional strategy as the Postal Service enhances all processing systems to read the new 24-digit barcode.

Ideally, mailpieces with the Intelligent Mail barcodes applied to them are placed into trays that are presorted and being routed to specific destinations. Using the Intelligent Mail Tray barcode allows the pieces within the tray to be linked to each specific tray prepared.

[Figure 20, captioned “Intelligent Mail Tray Barcode Affixed to Postal Service Mail Tray shows the Intelligent Mail Tray barcode affixed to a tray,” is not reproduced here. It can be viewed by accessing the pdf version of the Service Performance Measurement filing (December 5, 2007) posted on the Commission’s Web site.]

*Intelligent Mail Container Barcode.* The Postal Service is transitioning to a new pallet label for application on containers. The new pallet label contains the Intelligent Mail Container barcode allowing mailers to uniquely identify each container in a mailing. The Intelligent Mail Container barcode is applied to a customer’s containers that contain trays and sacks. This barcode is applied by mailers and scanned at induction and at other points of the mailstream by handheld scanners.

[Figure 21, captioned “Intelligent Mail Container Barcode Affixed to a Mailer Pallet shows the Intelligent Mail Container barcode affixed to a pallet,” is not reproduced here. It can be viewed by accessing the pdf version of the Service Performance Measurement filing (December 5, 2007) posted on the Commission’s Web site.]

*Intelligent Mail package Barcode.* The Intelligent Mail Package barcode conforms to different barcoding

standards to accommodate the package market, but its benefits are similar to those created by the Intelligent Mail barcode for letters and flats. It contains information about the package and the mailer, which is used to sort and track the packages.

[Figure 22, captioned "Intelligent Mail Package Barcode Affixed to a Parcel shows the Intelligent Mail Package barcode affixed to a parcel," is not reproduced here. It can be viewed by accessing the pdf version of the Service Performance Measurement filing (December 5, 2007) posted on the Commission's web site.]

#### 11.2.2 Electronic Mailing Information

There are three forms of electronic mailing information transmission for letter and flat-shaped mail: Mail.dat®, Web Services, and Postage Statement Wizard®. All involve sending information to the Postal Service's *PostalOne!*® system. All three of these options provide customers the ability to submit electronic information about their mailings, which the Postal Service can use to generate the necessary documentation to support verification, payment, and "start-the-clock." This electronic information can also be used to automate payment processes using electronic payment options such as ACH Credit or Debit.

*PostalOne! System.* The *PostalOne!* system enables Intelligent Mail by serving as the single point of entry for all electronic mailing information used in service performance measurement to validate mail piece scan data. The *PostalOne!* system manages business mailing transactions and streamlines the mail acceptance process by facilitating the electronic exchange of mailing information between mailers and the Postal Service. This collaboration gives customers a streamlined process for mail entry, payment, tracking and reporting.

Customers select one of the electronic mailing information transmission methods (Mail.dat, Web Services, Postage Statement Wizard) and send the electronic information using the *PostalOne!* system. This information management system provides an electronic linkage between a customer's mailing information and Postal Service business mail acceptance and induction processes. The *PostalOne!* system translates this customer generated electronic information into mailing documentation. Thus, mailers are able to avoid the creation of paper based forms and use technology to manage their mailing data. *PostalOne!* can also use this information to automate payment processes using ACH Debit or

Credit payment methods. With the *PostalOne!* system, mailers have 24X7 access to their mailing documentation and financial transaction information.

*Mail.dat®.* Mail.dat is a composite file structure that was developed by the IDEAlliance® organization for the industry to communicate mailing information across the mail supply chain. Mail.dat files are sent electronically to the *PostalOne!* system where they are stored and used to generate documentation to support verification and payment.

*Web Services.* Web Services enables customers to submit mailing information using a Web Service over a secure connection (HTTPS) with the Postal Service. Web Services use a SOAP protocol to submit information in an XML format that ensures that the data can be sent and received by applications written in various languages and deployed on various platforms.

*Postage Statement Wizard.* The Postage Statement Wizard (PSW) is a tool that provides a secure way to submit a postage statement online using a *PostalOne!* account. The PSW verifies completed information for an online postage statement. The PSW automatically populates the permit holder section of the postage statement based on the account number provided. It guides the user through the items needed to complete the statement based on information provided. When entering mailing information through PSW, it automatically calculates the postage and validates the information entered. Once the postage statement is completed online, the electronic statements will be submitted directly to the acceptance unit.

There is one method of electronic mailing information for parcel-shaped mail—the Confirmation Services file. The Confirmation Services file is submitted to the Product Tracking System (PTS). Electronic mailing information is a requirement for Presort parcel mailers to qualify for the electronic rate option.

*Product Tracking System.* The Product Tracking System (PTS) provides tracking information for Confirmation Services, i.e., Delivery Confirmation and Signature Confirmation, as well as Express Mail. Parcel mailers create manifests and submit them electronically to the Product Tracking System. The electronic manifests are processed in PTS and then sent to *PostalOne!* for financial reconciliation.

*Confirmation Services file.* To qualify for the reduced rates of the electronic Confirmation Services option, mailers are required to send a file electronically

with a listing of all the barcodes and some related shipping information. The electronic file contains information about the mailer, the date and time of mailing, the entry facility, the tracking number, and the destination ZIP Code for each parcel. Delivery information about the mail pieces is made available electronically in extract files. The Delivery information includes an "electronic receipt" for each mail piece submitted and associated scan events. Payment for the postage is unaffected by this service.

#### 11.2.3 Facility Access and Shipment Tracking (FAST)

The Facility Access and Shipment Tracking (FAST) system is an electronic appointment system that mailers use to schedule the deposit of mail at postal facilities. Customers may schedule appointments online using the FAST web site or they may submit appointment requests using the Transaction Messaging™ specifications submitted through *PostalOne!*/FAST Web Services. This convenient messaging protocol provides customers the opportunity to integrate the appointment scheduling process into their supply chain management software and receive information about their appointments from the Postal Service electronically. FAST takes into account mail shape (e.g., letters, flats, and parcels) and pallet presort-level information to maximize the capacity offered at each facility. All Periodicals, Standard Mail, and Package Services drop shipment customers are required to schedule appointments using FAST at designated facilities. First-Class Mail will be enabled in 2008.

#### 11.2.4 Seamless Acceptance

Seamless Acceptance streamlines the business mail acceptance process by automating the Business Mail Entry (BME) mail verification processes for letter and flat mail. By applying unique barcodes on mail pieces, handling units and containers, and providing barcode information in electronic mailing information, Seamless Acceptance mailers support the automation of verification processes. Seamless Acceptance mail receives Postal Service mail-processing scans of the barcodes and the Postal Service uses the information gathered to verify the electronic mailing information submitted by the mailers and to determine mail preparation quality.

The business benefits envisioned from the implementation of Seamless Acceptance include, but are not limited to:



Increasing the quality of the mail and mailers' electronic mailing information by providing timely feedback to mailers through actionable mail quality reports;

Allowing mailers additional flexibility in selecting the timeframe and location of mail entry;

Improving the accuracy of the verification process through analysis of a larger percentage of mail pieces of a mailing;

Introducing more accountability for all participants by basing verification results on mail processing data instead of clerk performed tests;

Enhancing automation compatibility based on results from Postal Service mail processing equipment;

Identifying and eliminating systemic problems in Postal Service mail handling and mailer preparation;

Providing near real-time visibility for both mailers and the Postal Service;

Decreasing cycle time and reduce costs across the mail supply chain;

Increasing amount of time Postal Service clerks are available for customer service; and

Reducing/removing sampling procedures during verification.

#### 11.2.5 Mail Processing Equipment

As mail processing equipment sorts a mail piece, information is gathered from machine scans to determine the piece's location within the postal network. All major mail processing equipment has the ability to scan the Intelligent Mail barcode on mail pieces during processing. The machines with mail piece barcode scanning capability include:

*Letters:* Delivery Barcode Sorters (DBCS), Mail Processing Barcode Sorters (MPBCS), and Carrier Sequence Barcode Sorters (CSBCS);

*Flats:* AFSM 100 and UFSM 1000;<sup>24</sup>

*Packages:* Automated Package Processing System (APPS) and Small Package Bundle Sorter (SPBS).

#### 11.2.6 Intelligent Mail Device (IMD)

The Intelligent Mail Device (IMD) is an ergonomically designed, handheld computer capable of running mail processing applications and scanning barcodes. The Postal Service has rolled out new Intelligent Mail Devices to carriers, mail handlers, and drivers. The Intelligent Mail Devices currently in the field can read IMBs, but will need a software upgrade in order to collect data using new start- and "stop-the-clock" event codes, parse the data in the codes,

and make that data available to other USPS systems.

#### 11.2.7 Intelligent Mail Data Acquisition System (IMDAS)

IMDAS has replaced the handheld scanners that carriers, mail handlers, and drivers formerly used to scan IMBs on handling units and Delivery Confirmation forms.

The Intelligent Mail Data Acquisition System (IMDAS) program is implementing a standardized hardware and software platform for mobile data collection and data transfer through scanning technology. The IMDAS program promotes a family of handheld data acquisition devices to support the current scanning needs of Postal Service products and services, as well as support the future scanning needs of Intelligent Mail products and services. The IMDAS supports tracking mail pieces, unit loads, transportation, inventory and performance operations using a standardized family of mobile devices. This program includes replacing the current Mobile Data Collection Device (MDCD) scanners, which postal personnel use for delivery operations, dock operations, and customer service operations. The Intelligent Mail Data Acquisition System was developed using integrated architecture and infrastructure that are consistent with industry best practices. The IMDAS yields an accurate, reliable, and stable flow of data, and is required to interface successfully with the existing postal infrastructure.

### III. Ordering Paragraphs

*It is ordered:*

1. Docket No. PI2008-1 is established for the purpose of receiving comments regarding the Postal Service's proposed service performance measurement systems.

2. Interested persons may submit written comments on any or all aspects of the Postal Service's proposed service performance measurement systems and reporting systems by no later than January 18, 2008.<sup>25</sup>

3. Reply comments may be filed by no later than February 1, 2008.<sup>26</sup>

4. Kenneth E. Richardson, acting director of the Office of the Consumer Advocate, is designated to represent the interests of the general public in this docket.

5. The Secretary shall arrange for publication of this Notice in the **Federal Register**.

(Authority: 39 U.S.C. 3691(b)(1)(D) and (b)(2)).

**Steven W. Williams,**

*Secretary.*

[FR Doc. E7-24528 Filed 12-19-07; 8:45 am]

BILLING CODE 7710-FW-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-56947; File No. SR-Amex-2007-134]

### Self-Regulatory Organizations; American Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Commentary .10 to Amex Rule 584 To Delete the Reference to the Weekly Bulletin

December 12, 2007.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 6, 2007, the American Stock Exchange LLC ("Amex" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared substantially by the Amex. The Amex filed the proposed rule change under Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Amex proposes to adopt changes to Commentary .10 to Amex Rule 584 to delete the reference to the Weekly Bulletin therein. The text of the proposed rule change is available at <http://www.amex.com>, the principal offices of the Amex, and the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Amex included statements concerning the purpose of and basis for the proposed rule change and discussed any

<sup>24</sup> UFSM 1000 can read barcodes printed at original specifications and will be updated in early 2008 to read barcodes printed according to the revised specifications.

<sup>25</sup> Changed from January 7, 2008 (per Order No. 48) by Order No. 49.

<sup>26</sup> Changed from January 18, 2008 (per Order No. 48) by Order No. 49.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78S(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).