

Offshore Special Study Results **Conducted in Response to Order 465, Rule 3055.7**

The Postal Regulatory Commission (PRC) included requirements for a special study in Order 292 and Order 465 as part of Rule 3055.7. The special study is required to evaluate final delivery service performance to the remote locations of Alaska, Honolulu and Caribbean Districts as compared to the service performance to the Gateway cities of Anchorage, Honolulu and San Juan. Because transit-time measurement already includes Single-Piece and Presort First-Class Mail, Standard Mail, and Package Services to and from all ZIP Codes in these areas, the PRC acknowledged that additional testing may only be needed in areas with insufficient mail volumes. The USPS is expected to provide service performance data for each class of mail that distinguishes results between the Gateway and the outer regions of that same district.

This document is broken down into the following sections:

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I. Background

Alaska, Caribbean and Honolulu are the three USPS districts which are located outside of the continental United States. Each of these districts has a large portion of their region located far away from the main mail processing facilities. Likewise, each district has portions of the region located on other islands and across rough terrain that is often less populated than the average continental district. Therefore, there is a concern that the rural parts of these offshore districts may not receive the same delivery service as the Gateway cities mentioned above.

II. Measurement Approach

Approach for Comparing the Gateway Cities to the Rural Areas

In order to compare delivery service between the Gateway and less populous/more remote parts of Alaska, Caribbean and Honolulu, results are reported at the 3-Digit ZIP Code level. Service performance results are based on FY2011 mail destinating to these 3-Digit ZIP Code Areas. This approach allows us to distinguish the Gateway from the more rural regions, while still allowing insight into the various geographic parts of each district. The only exception is for the 3-Digit ZIP Code Area 995 which contains both Anchorage city (Gateway) and more rural parts of Alaska. For some products there are different service standards for mail to Anchorage than to other portions of 3-Digit ZIP Code Area 995. For the purposes of this offshore study, 3-Digit ZIP Code Area 995 will be divided into two parts and measured separately.

Throughout the remainder of this document, we may refer to a 3-Digit ZIP Code Area by the numbers only. For example, we may refer to a 3-Digit ZIP Code Area as 999 in this document for simplicity sake. The following tables provide a list of each district's 3-Digit ZIP Code Areas and a brief description of the region.

Alaska		Caribbean		Honolulu	
3-Digit ZIP Code	Description or Nearby Towns	3-Digit ZIP Code	Description or Nearby Towns	3-Digit ZIP Code	Description or Nearby Towns
995 Gateway	Anchorage (99500-99539; 99592-99599)	009 Gateway	San Juan	968 Gateway	Honolulu
995 Rural	99540-99591 Outside Anchorage	006	Western Puerto Rico	967	Hawaiian islands (except Honolulu)
996	Homer, South Central Alaska	007	Ponce, Southeast Puerto Rico	969	Guam; Northern Mariana Islands
997	Fairbanks and Northern Alaska	008	U. S. Virgin Islands		
998	Juneau, Sitka Region				
999	Ketchikan Region				

This is a list of the destinating processing facilities and their ZIP Codes for the three offshore districts:

- **Alaska:** Anchorage, AK Processing & Distribution Center (P&DC) in 99530; Juneau, AK Post Office in 99801; Ketchikan, AK Post Office in 99901
- **Caribbean:** San Juan, PR P&DC 00936
- **Honolulu:** Honolulu, HI P&DC in 96820; Hilo, HI Post Office in 96720; Kahului, HI Post Office in 96732; Lihue, HI Post Office in 96766; Barrigada, GU Post Office in 96913

Performance results for the 3-Digit ZIP Code Areas are unweighted for all mail classes. Likewise the scores measure the performance of mail *destinating* to the 3-Digit ZIP Code Area.

Background on Non-Contiguous Service Standards

Modern service standards for Market Dominant products were established through regulation in December of 2007 in response to the Postal Accountability and Enhancement Act's requirement in section 3691 – "Not later than 12 months after the date of enactment of this section, the Postal Service shall, in consultation with the Postal Regulatory Commission, by regulation establish (and may from time to time thereafter by regulation revise) a set of service standards for market-dominant products."

As part of this initiative, discussions were held throughout the organization, with external stakeholders and mailers, as well as consultation with the Postal Regulatory Commission to develop these service standards. Part of those service standards are the rules that currently exist for non-contiguous U.S. destinations. As part of the regulation, the Postal Service pointed out the issues that exist based on logistical challenges to these destinations and enumerated the following within the rules printed within the Federal Register:

"The service standard origin or destination for mail to or from the states of Alaska and Hawaii and Guam, Puerto Rico, and the U.S. Virgin Islands, is defined to/from the 3-digit ZIP Code area in which the interstate/ interterritorial gateway mail processing facility is located: Anchorage SCF (Alaska); San Juan SCF (Puerto Rico and USVI); and Honolulu SCF (Hawaii and Guam). This is necessary because transportation beyond these entry/exit points becomes increasingly challenging, increasing the variability in service performance achieved. For example, in the state of Alaska, transportation of First-Class Mail letters on a particular flight to a remote area may be deferred in favor of Package Services Mail containing groceries or medicine, where transportation space is insufficient to carry both products. The proposed service standards for these states and territories also reflect local operating plans developed in response to different logistical challenges that affect each state or territory. For instance, factors in the state of Alaska that contribute to the need for longer, more realistic, service standard day ranges include: the reliance on infrequently scheduled cargo ships to and from ports in the contiguous 48 states, the absence of intrastate roads to many remote locations, the infrequency of available surface transportation, the extraordinary geographical reach of the 3-digit ZIP Code service areas in the state, and the necessary reliance on irregular air and hovercraft transportation in lieu of standard commercial trucking and air service between many locations. Extraterritorial mail for Guam is routed through Hawaii; extraterritorial mail for the U.S. Virgin Islands is routed through Puerto Rico. The time-in-transit and the limited availability of cargo ship capacity between the contiguous 48 states and Hawaii and Puerto Rico significantly affect end-to-end transit times for mail dependent on surface transportation, as does the availability of interisland shipping within Hawaii." (See: 39 CFR Parts 121 and 122 Modern Service Standards for Market-Dominant Products; Proposed Rule, printed in the Federal Register, Wednesday October 17, 1007, pp. 58952-58953).

In addition, when the Postal Service defined service standards for these locations, it assumed a perfect alignment of transportation throughout the system. As service measurement has advanced, and the Postal Service has begun utilizing this information for performance management, it has been made clear that a review of this assumption was required. As part of its proposed rule for Service Standards for Market-Dominant Products printed in the Federal Register on Thursday, December 15, 2011, the Postal Service has proposed making modification to these non-contiguous destinations to more appropriately align with the dependency on transportation that does not run daily (e.g. certain boat and air-taxi services used by the Postal Service operate only on certain days of the week).

Level of Measurement for Each Mail Class

In Order 292, the PRC requested that the Postal Service provide a report, by class of mail, on delivery performance to remote areas of the Alaska, Caribbean and Honolulu Districts. The USPS will provide FY2011 annual results for each 3-Digit ZIP Code by mail class. In this report, when there is sufficient volume to provide delivery performance results down to a sub-class level, we have done so. The following is a list of the reporting levels that the USPS will provide to the PRC for the offshore special study:

- **Single-Piece First-Class (SPFC) Letters/Cards/Flats by Service Standard:** FY2011 results will be provided for Overnight, Two-Day and Three-to-Five-Day Performance. Additional measurement was conducted in FY2011 in conjunction with the EXFC program to have sufficient volume for each 3-Digit ZIP Code.
- **Presort First-Class Letters/Cards by Service Standard:** FY2011 results will be provided for Overnight, Two-Day and Three-to-Five-Day Performance. Because both flats and parcels results are based on proxy data, offshore Presort First-Class results will be based on letters and cards only. Letters and cards make up nearly 99% of Presort First-Class Mail.
- **Standard Mail Letters and Flats by Entry Type and Shape:** FY2011 results will be provided for Destination Entry Letters, Destination Entry Flats, End-to-End Letters, and End-to-End Flats. The period of measurement will differ by entry type in FY2011 due to the timing of mailer certification; however all four segments have some results available for each 3-Digit ZIP Code.
- **Periodicals:** Results will be provided for Periodicals leveraging the Red Tag and Del-Trak systems. Neither system normally measures significant volumes to the off-shore locations; therefore, additional measurement was conducted to have service measurement to each of the 3-Digit ZIP Codes.
- **Package Services:** FY2011 results will be provided and will include retail Package Services data including retail Single-Piece Parcel Post and Media Mail/Library Mail mailed from post offices. Parcel Select data is not included in these results. While some commercial mail data was available for Q4, in order to maintain consistency, this special study will focus on the retail data available for the full year.

Additional Measurement Conducted Due to Low Area Volume

Earlier in 2011, we reviewed the volume of mail available for each 3-Digit ZIP Code Area based on the reporting levels listed above. In many cases, there was already sufficient data available based on looking at the first two quarters of FY2011 and estimating the volume expected in the remainder of the fiscal year. In cases where there was insufficient data to provide results at the 3-Digit ZIP Code level, we did one of two things:

- In cases where we could fabricate additional mail for an external service performance measurement study, we added test mail to have more volume in FY2011. Our goal was to increase the number of pieces, so that each 3-Digit ZIP Code Area would have approximately 400 pieces for the fiscal year. Assuming an average on-time score of 80 percent, this volume would allow us to achieve a 95% confidence interval of +/- 4.0 percent. This required increasing the number of test pieces in the following classes and regions:
 - **Single-Piece First-Class** required additional mail volume for Overnight mail destinating to ZIP Code Area 969; Two-Day mail destinating to 999, 006 and 007; and Three-to-Five-Day mail destinating to ZIP Codes 99540-99591 and 999 and 969. Additional test pieces were

created for measurement in FY11 Q4. The additional pieces were not used in the official FY11 Q4 Single-Piece First-Class Mail results as the change in volume could bias the district level scores; these additional pieces were included in the offshore study results only.

- **Periodicals** required additional test mail volume in twelve of the thirteen offshore 3-Digit ZIP Code Areas due to the limited measurement from Red Tag and Del-Trak in Alaska, Caribbean and Honolulu. ZIP Code Area 967 was the only one that did not require additional volume. The additional measurement occurred from mid-July through mid-November of 2011, which is outside of the traditional postal fiscal year timing. The extended time was necessary due to the challenges of recruiting additional panelists, lead times required by the publishers to add new subscriptions, and infrequent mailings.
- In cases where results are based on commercial mailer data, we analyzed the mail volume at the 3-digit ZIP Code level.
 - **Presort First-Class Mail (PFCM)** volume was reviewed by service standard for each 3-Digit ZIP Code. Presort First-Class Mail has ample Three-to-Five-Day volume destinating to every ZIP Code Area in the offshore districts; however, Overnight and Two-Day had some gaps:
 - **Caribbean District:** There was no Presort First-Class Mail entered in 3-Digit ZIP Code 008, so there was no Overnight mail to itself and no Two-Day mail to ZIP Code Areas 006, 007 and 009 (which must originate in 008). Likewise, there was Caribbean mail volume entered at the San Juan plant, however, the pieces were ineligible for measurement because the verification facility was not in the same district as the entry point facility. This resulted in no eligible Overnight PFCM for ZIP Code Areas 006, 007 and 009 and no Two-Day for 008 in the Caribbean.
 - **Honolulu District:** There was no Overnight PFCM destinating to 3-Digit ZIP Code 969. This area is overnight only to itself, so a mailer would need to be located there.
 - **Anchorage District:** There was no Two-Day Mail destinating to any of the following ZIP Code Areas: 997, 998, 999, and 995 Anchorage city. The first three ZIP Code Areas have Two-Day service to and from themselves only, so the USPS would need to identify mailers in each of these 3-digit ZIP Codes in order to gain coverage. Likewise, Two-Day mail destinating to ZIP Code Area 995 Anchorage must come from either 996 or 995 Rural.
 - Based on the above results, the USPS is reaching out to local field representatives in the following areas to understand the Intelligent Mail® barcode transition plans of existing Presort First-Class Mail customers and whether any may be willing to begin using Full Service Intelligent Mail®:

BMEU or Origin/Entry 3-Digit ZIP Code	Destinating to:
008	008 for Overnight, 006, 007 and 009 for Two-Day
006, 007, or 009	006, 007 or 009 for Overnight; 008 for Two-Day
969	969 for Overnight
995 outside Anchorage city or 996	for Two-Day to 995 Anchorage city
997	997 Two-Day
998	998 Two-Day
999	999 Two-Day

- o **Standard Mail** has sufficient volume in all of the offshore 3-Digit ZIP Code Areas by both entry type and shape. The lowest volume of eligible pieces in FY11 Q4 was destinating to 3-Digit ZIP Code 999 in Alaska with 371 pieces for End-to-End Flats. All other locations had at least 500 pieces in FY11 Q4 and many had over a thousand pieces. Although we did have sufficient data, we removed the scores for the flat mail destinating to ZIP Code Areas 998 and 999. It was removed because 998 and 999 are processing their flats manually and so the final processing scan data was too far from destination to produce a reliable score at the 3-Digit ZIP Code level for both Destination Entry Flats and End-to-End Flats.
- o **Package Services** had sufficient volume for all offshore 3-Digit ZIP Code Areas.

Determining Which Score Differences Are Significant

PRC Order 292 required a special study to provide visibility into the performance results of the outer reaches of the Alaska, Honolulu and Caribbean Districts. Likewise, Order 465 articulated that the intent of obtaining special study results was to allow evaluation of the unique aspects of providing service to the less populous/more remote areas of these districts. For this evaluation, we will need a sound approach to determine whether or not score differences at the 3-Digit ZIP Code Level are significant. No two scores will likely be exactly the same, so we need to determine how different they must be from each other to conclude that the rural areas are receiving different levels of service.

We have used statistical hypothesis tests to distinguish between variation due to chance or sampling error versus significantly different results. For this study, we have completed two-sided hypothesis tests comparing a rural 3-Digit ZIP Code's performance to its Gateway. In the reported results, statistically significant differences are highlighted in **green** when performance to the rural ZIP Code was better than its Gateway and in **red** when performance to the rural ZIP Code was lower than its Gateway. Scores without statistical differences were not highlighted.

For the purposes of comparison, we also reviewed the Single-Piece First-Class FY2011 performance of eighteen rural 3-Digit ZIP Codes in the continental United States (CONUS) which were located 150 miles or more away from their respective destinating Sectional Center Facilities (SCF). The collective results of the CONUS Rural ZIP Codes were compared to the collective results of the eighteen CONUS Gateway Areas defined as the 3-Digit ZIP Codes where the SCF was located.

In each case, the difference was statistically significant, with CONUS Rural performance falling below the CONUS Gateway score.

- For Overnight, the CONUS Rural ZIP Code Areas performed an average of **2.1** percentage points lower than the CONUS SCF ZIP Code Areas.
- For Two-Day, the CONUS ZIP Code Areas performed **1.3** percentage points lower.
- For Three-to-Five-Day, CONUS Rural performance was **9.2** percentage points lower than the CONUS SCF ZIP Code Area Group.

These results indicate that ZIP Code Areas with or nearby to a destinating SCF may tend to perform better than ZIP Code Areas that are far away from the destinating plant, regardless of geography.

III. Service Performance Measurement Results

SINGLE-PIECE FIRST-CLASS (SPFC) LETTERS/CARDS/FLATS BY SERVICE STANDARD

The table below contains the SPFC results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011. The Gateway row is highlighted in light blue for comparison sake. Any rural score that is significantly better than its Gateway is highlighted in green while those that are significantly lower are highlighted in red.

FY11	Single-Piece First-Class Letters/Cards/Flats		
	Overnight	Two-Day	Three-to-Five-Day
Alaska	96.3	97.1	91.4
995 Gateway	96.3	99.3	90.5
995 Rural	NSS	97.9	93.7
996	NSS	98.1	95.3
997	NSS	92.9	92.9
998	NSS	96.5	87.6
999	NSS	98.5	89.1
Caribbean	93.8	96.3	85.7
009 Gateway	94.4	97.2	85.6
006	93.7	96.4	84.5
007	93.6	94.7	85.7
008	87.7	96.0	91.8
Honolulu	97.5	NSS	91.9
968 Gateway	97.7	NSS	86.3
967	97.5	NSS	96.0
969	91.5	NSS	82.8

FY11 results are unweighted and based on destinating mail only; NSS = No Service Standard

The following analysis provides an overview of the service standards and performance results for each of the offshore districts. Although the SPFC results are not normally calculated at the 3-Digit ZIP Code level, the Offshore Special Study provided a unique opportunity to not only add volume where needed, but to also provide root cause failure information down to the 3-Digit ZIP Code Area in these location.

As part of the EXFC study, root cause analysis is conducted throughout the year by reviewing all failures that had PLANET Codes or IMbs™ on them and reviewing their processing operations. Upon completion of the analysis we assign a single root cause of failure to each piece. The results are then summarized at the plant, district and area levels by service standard and shape. After reviewing the offshore results and root cause data, we have provided USPS Operations with the detailed root cause results for their review and action.

SPFC - Alaska:

Service Standards

In the Alaska District, the Gateway of Anchorage city has an Overnight service standard to itself, a Two-Day service standard from the rest of ZIP Code Area 995 and 996; and a Three-Day service standard from the continental U.S., and 997, 998 and 999. The rural ZIP Code Areas have a Two-Day service standard to themselves including 995 outside Anchorage city. There is no Overnight service for the rural ZIP Code Areas. There is a Three-Day service standard from the rest of Alaska, and a Four-Day service standard from the continental U.S.

Performance Analysis

When comparing the Two-Day Alaska results, we observe that the Gateway at 99.3% significantly outperforms nearly all of the remaining ZIP Code Areas in Alaska. While four out of the five 3-Digit ZIP Codes had a score that was statistically significantly lower; scores of 96 percent or above still rate among the highest Two-Day scores in the country. Likewise, two of the four differences are within two points of the Gateway. ZIP Code Area 997 had the lowest score at 92.9%. ZIP Code Area 997 is the largest 3-Digit ZIP Code in the U.S in terms of square mileage. In addition, its AADC for First-Class Mail is in Anchorage which is located 360 miles away from Fairbanks, significantly farther from most small towns in Northern Alaska. With a roundtrip exceeding 700 miles, it may not be surprising that the on time rate for mail to ZIP Code Area 997 is lower than performance to the Gateway, especially since all of the Two-Day mail destinating to 995 Anchorage is processed and delivered locally.

For the Three-to-Five Day Performance, the Gateway scored at 90.5% and only one ZIP Code Area performed significantly worse – ZIP Code Area 998 at 87.6%. The AADC for ZIP Code Area 998 is located in Seattle and is more than 1,300 miles away from Juneau AK. In addition, the following 3-Digit ZIP Codes performed significantly better than the Gateway: 995 Rural, 996 and 997.

We also broke out the Three-to-Five-Day mail destinating to ZIP Code Areas 998 and 999 to see if there was a performance difference between the Three-Day mail that originated in Alaska and the Four-Day Mail that originates outside of Alaska.

ZIP Code Area	Three-Day			Four-Day		
	On-time	Total	Score	On-time	Total	Score
998	711	780	91.2	818	966	84.7
999	174	189	92.1	208	240	86.7

From the table above, you can see that the SPFC Three-Day mail outperforms the Four-Day mail by 6.5 points in ZIP Code Area 998 and 5.4 points in 999. We recommend that the USPS continue to examine logistics and perhaps consider altering some service standards to ZIP Code Areas 998 and 999 considering the performance and the distance from the AADC.

SPFC - Caribbean:

Service Standards

The service standards in the Caribbean are as follows. The 3-Digit ZIP Code of 008 is Overnight to itself. There is also an Overnight standard between Puerto Rico ZIP Code Areas 006, 007 and 009. It is Two-Days from 008 to 006, 007, and 009, as well as from ZIP Code Area 006, 007 and 009 to 008. It is a Three-Day service standard from anywhere in the continental U.S. to ZIP Code Areas 006, 007 and 009 and it is Four Days to ZIP Code Area 008.

Performance Analysis

When comparing the Overnight results, we see that the Gateway achieved 94.4% on time which exceeded the rural ZIP Code Areas' performance. Likewise, the Gateway's Overnight score was significantly better than both ZIP Code Area 007 (93.6%) and 008 (87.7%) from a statistical perspective. It should be noted, however, that there is less than a one point difference between performance in ZIP Code Areas 007 and 009. Mail from ZIP Code Area 008 must be collected, then sent to the plant in San Juan for processing; and then sent back to 008 for delivery with an Overnight expectation. At the same time, mail sent from ZIP Code Areas 006, 007 and 009 to 008 is also processed at the San Juan plant, but it is assigned a Two-Day service standard expectation, despite having to be transported between islands only one time.

For Two-Day mail, ZIP Code Areas 007 (94.7%) and 008 (96.0%) performed significantly worse than the Gateway (97.2%); although 008's score is only 1.2 points lower. For Three-to-Five Day Mail, the three ZIP Codes Areas in Puerto Rico are performing similarly and ZIP Code Area 008 is performing significantly better than the Gateway, likely benefitting from the additional day for processing.

SPFC - Honolulu:

Service Standards

The Honolulu service standards are also different from most U.S. service standards. The Overnight service standard is more traditional with all three ZIP Code Areas having Overnight expectations to and from themselves as well as an Overnight expectation within Hawaii. There is no Two-Day service standard for the Honolulu District. It is a Three-Day standard from the continental U.S to ZIP Code Area 968, from 967 or 968 to 969, and from 969 to 967 or 968. It is a Four-Day standard from the continental U.S to ZIP Code Area 967 and it is a Five-Day standard from the U.S. to ZIP Code Area 969.

Performance Analysis

When comparing the results, mail to ZIP Code Area 969 performed significantly worse than the Gateway for both Overnight and Three-to-Five-Day mail, with Guam's Overnight score of 91.5% six points below and the Three-to-Five-Day score of 82.8% falling three and a half points below the Gateway. However, the Hawaiian Islands (ZIP Code Area 967) performed significantly better than the Gateway for Three-to-Five-Day with a 96.0%.

PRESORT FIRST-CLASS LETTERS/CARDS BY SERVICE STANDARD

The Postal Service's service performance measurement system uses documented arrival time at a designated postal facility to start the clock, and an Intelligent Mail® barcode (IMb™) scan by an external, third-party reporter to stop the clock. Mail piece tracking from IMb™ in-process scans is used in conjunction with the external data to extrapolate results for the entire volume of mail measured.

To calculate results, commercial mail performance is measured in two separate legs. The first leg measures service from the start-the-clock date to the final processing scan in a plant. To determine the second leg or the last mile transit time for the district, we assess how often the anticipated delivery day matches the actual delivery day.

Presort First-Class Mail had ample offshore volume at the 3-digit ZIP Code Area level to measure the first leg; however, we did not have enough data to calculate a last mile profile at the 3-digit ZIP Code level. However, we were able to calculate the last mile profile for each Gateway as well as for the remaining rural ZIP Code Areas for each district. We have therefore provided end-to-end results using the traditional scoring method for the first leg and using the last mile transit delay calculated for each district's Gateway or rural results. Additional commercial mail analysis related to the last mile and other destination processing can be found at the end of the Standard Mail section.

The table below contains the Presort results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011. The Gateway row is highlighted in light blue for comparison's sake. Any rural score that is significantly better than its Gateway is highlighted in green while those that are significantly lower are highlighted in red.

FY11	Presort First-Class Letters/Cards		
	Overnight	Two-Day	Three-to-Five-Day
Alaska	96.6	98.0	93.5
995 Gateway	96.6	No Data	92.9
995 Rural	NSS	98.0	96.0
996	NSS	98.0	95.9
997	NSS	No Data	94.4
998	NSS	No Data	89.5
999	NSS	No Data	87.7
Caribbean	No Data	No Data	85.3
009 Gateway	No Data	No Data	85.7
006	No Data	No Data	83.7
007	No Data	No Data	84.2
008	No Data	No Data	92.1

FY11	Presort First-Class Letters/Cards		
	Overnight	Two-Day	Three-to-Five-Day
Honolulu	96.3	NSS	93.9
968 Gateway	97.0	NSS	90.5
967	95.9	NSS	95.9
969	No Data	NSS	89.3

FY11 results are unweighted and based on destinating mail.

NSS = No Service Standard; No Data = There was no data for this service standard in FY11

The service standards for Presort First-Class Mail are the same as the SPFC service standards, so please refer to the SPFC section for details about the service standards.

Presort First-Class - Alaska:

Performance Analysis

For Two-Day, there is no data available to compare the Gateway to the other 3-Digit ZIP Codes. However, the Two-Day Scores available are similar to the Overnight score for 995 Anchorage, likely because the mail was inducted and processed at the Anchorage plant, and these results do not include any delays between the plant and the delivery address.

For Three-to-Five-Day mail, ZIP Code Areas 998 and 999 performed significantly worse than the Gateway with 89.5% and 87.7% respectively compared to the Gateway's score of 92.9%. There was a similar pattern for the SPFC results for these two regions. The remaining rural 3-Digit ZIP Code Areas significantly outperformed the Gateway. Anchorage is the AADC for all parts of Alaska except ZIP Code Areas 998 and 999, where Seattle serves as the AADC. It is approximately 1100 miles from Seattle to Ketchikan and another 288 from Ketchikan to Juneau which is significantly further away than the Anchorage AADC is to the rest of Alaska.

Presort First-Class - Caribbean:

Performance Analysis

For Overnight and Two-Day, there is no data available to compare the Gateway to the other 3-Digit ZIP Codes. For Three-to-Five-Day mail, ZIP Code Area 008 with a score of 92.1% significantly outperformed the Gateway with 85.7% perhaps benefitting from the additional processing day. There was a similar pattern in the SPFC results. Both ZIP Code Areas 006 and 007 performed significantly worse than the Gateway from a statistical perspective; however, both are within 2.0 points of the Gateway's score.

Presort First-Class - Honolulu:

Performance Analysis

For Overnight mail, there was a significant difference between ZIP Code Areas 967 with 95.9% compared to the Gateway with 97.0%; however, it is a difference of 1.1 points. There is no Overnight data available to compare the Gateway to 3-Digit ZIP Code 969. For Three-to-Five-Day mail, 3-Digit ZIP Code 969 had an 89.3% and performed significantly worse from a statistical perspective than the Gateway with 90.5%, but is obviously very similar in true performance, with a difference of 1.2 points. ZIP Code Area 967, the Hawaiian Islands, performed significantly better than the Gateway with 95.9%, which was similar to the SPFC results.

STANDARD MAIL BY ENTRY TYPE AND SHAPE

The table below contains the Standard Mail results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011. The Gateway row is highlighted in light blue for comparison sake. Any rural score that is significantly better than its Gateway is highlighted in green while those that are significantly lower are highlighted in red. As with the Presort First-Class Mail results, the Standard Mail results provided below represent the full end-to-end transit time, using the first leg and an adjusted last mile profile based on the mail delivered to external reporters in the Gateway or in the combined rural ZIP Code Areas. Please see the description in the Presort First-Class Mail section above for further information.

Service performance measurement for Standard Mail is based on data from FY11 Quarters 3 and 4. For the results below, the Destination Entry results are based on data from Quarters 3 and 4, whereas the End-to-End results are based solely on Quarter 4 results.

FY11	Standard Mail			
	Letters		Flats	
	Destination Entry	End-to-End	Destination Entry	End-to-End
Alaska	72.3	30.8	42.0	21.7
995 Gateway	80.3	31.5	46.1	27.8
995 Rural	75.3	31.6	36.8	18.0
996	66.8	28.1	41.4	14.0
997	65.0	36.4	32.6	21.9
998	42.4	22.1	N/A	N/A
999	54.3	31.7	N/A	N/A
Caribbean	68.6	34.0	56.8	29.4
009 Gateway	59.9	34.1	54.9	32.4
006	78.4	31.7	57.2	24.5
007	70.3	34.7	57.9	30.0
008	57.9	42.7	59.4	29.0
Honolulu	14.7	6.2	4.0	1.5
968 Gateway	14.2	7.4	7.1	2.6
967	15.1	5.7	2.7	1.0
969	0.3	4.8	1.2	1.2

FY11 results are unweighted and based on destinating mail.

Mail - Alaska:

Service Standards

For Destination Entry Mail, all of the Alaska ZIP Code Areas have a Three-Day Service Standard from the Destinating SCF and a 10-Day Service Standard from the Destinating Network Distribution Center (DNDC) located in Seattle. The End-to-End service standards can vary significantly depending on the origin; however, mail traveling to ZIP Code Areas 997, 998 and 999 generally has one additional day than mail destinating to 995 and 996.

Performance Analysis

For Destination Entry Letter Mail, all rural ZIP Code Areas performed substantially worse than the Gateway which had a score of 80.3%. While all of the rural areas performed poorly, ZIP Code Areas 998 and 999 had scores that were more than 25 points lower than the Gateway and 997 was the next lowest at 65.0%. Anchorage serves as the DSCF for ZIP Code Areas 995 and 996, whereas the remaining rural ZIP Code Areas have their own DSCF.

For End-to-End Letters, ZIP Code Area 998 achieved 22.1% and 996 achieved 28.1% on time which were significantly worse than the Gateway score of 31.5%; however all of the End-to-End Letter Mail in Alaska performed poorly with a district score of 30.8% and the highest ZIP Code Area score occurring in ZIP Code Area 997 with a 36.4%.

For Destination Entry Flats, ZIP Code Area 997 achieved a 32.6% and 995 Rural achieved 36.8% which were both significantly worse than the Gateway score of 46.1%. Upon reviewing the performance results for Flats destinating to ZIP Code Areas 998 and 999, we saw that the mail is processed manually at destination and the final processing scan was usually an outgoing operation in Seattle. This likely resulted in the Leg 1 score being inflated for 998 and 999. We have therefore removed the Standard Mail Flat results for these two destinations.

For End-to-End Flats, ZIP Code Areas 995 Rural, 996, and 997 all had scores that were significantly lower than the Gateway score of 27.8%. ZIP Code Area 996 had the lowest score of 14.0%. Similar to the Destination Entry Flats results, 998 and 999 significantly outperformed the Gateway and all other 3-Digit ZIP Code Areas in Alaska with a 75.4% and a 74.8% respectively.

Standard Mail - Caribbean:

Service Standards

For Destination Entry Mail in Caribbean, ZIP Code Areas 006, 007 and 009 have a Three-Day Service Standard from the DSCF in San Juan, whereas 008 has a Four-Day standard. All ZIP Code Areas have a Nine-Day Service Standard from the DNDC in Jacksonville FL. The End-to-End service standards can vary significantly depending on the origin; however, all of the Caribbean ZIP Code Areas have the same service expectations for end-to-end mail, so ZIP 008 is not receiving an additional day when the mail is entered without a destination entry discount.

Performance Analysis

For Destination Entry Letter Mail, ZIP Code Area 008 had an on-time score of 57.9% which was significantly worse from a statistical perspective than the Gateway score of 59.9%, but within 2.0 points. Both 006 and 007 outperformed the Gateway, achieving a 78.4% and a 70.3% respectively.

For End-to-End Letter Mail, ZIP Code Area 008 had the highest score of 42.7% followed by 007 with 34.7%, and both significantly outperformed the Gateway (34.1%). ZIP Code Area 006's score was 31.7% and was significantly lower than the Gateway from a statistical perspective.

For Destination Entry Flats, the scores for all four ZIP Code Areas are quite similar and range from the lowest of 54.9% for the Gateway to the highest at 59.4%. All three rural ZIP Code Areas had scores that were significantly better than the Gateway from a statistically perspective.

For End-to-End Flats, the Gateway scored 32.4% significantly outperforming the remaining ZIP Code Areas which had 24.5% (006), 29.0% (008) and 30.0% (007). ZIP Code Area 006 also had the lowest score for End-to-End letters.

Standard Mail - Honolulu:

Service Standards

For Destination Entry Mail, all of the Honolulu ZIP Code Areas have a Three-Day Service Standard from the DSCF and a 10-Day Service Standard from the DNDC. The End-to-End standards can vary significantly depending on the origin; however, 969 received one extra day for origin entry mail compared to mail destinating to 967 or 968.

Performance Analysis

For Destination Entry Letter Mail, the Gateway achieved an on-time score of 14.2% which was significantly better than the 969 score of 0.3%. ZIP Code Area 967 achieved the highest score of 15.1% which was significantly better than the Gateway from a statistical perspective.

For End-to-End Letters, the Gateway achieved the highest score with only 7.4% and significantly outperformed the other ZIP Code Areas; whereas 967 had 5.7% and 969 had 4.8% of their mail delivered on time; although the score differences are within 1.7 and 2.6 points respectively.

For Destination Entry Flats, the Gateway again achieved the highest score with a 7.1% followed by 967 with 4.0% and 969 with 1.2% which were significantly worse than the Gateway.

Finally, for End-to-End Flat Mail, the results are similar to the last two sub-class results. The Gateway had an on-time score of 2.6% followed by 967 with 1.0% and 969 with 1.2%. Although these are both statistically significantly difference, both scores are within 1.4 points of the Gateway.

While the Gateway may be outperforming the rural ZIP Code Areas in nearly all cases, Honolulu's Standard Mail performance is significantly lower than both Alaska and Caribbean, so it may be worthwhile to review the service standards as well as the processing operations to understand what is realistic for this distant region. Service standards are currently under review as part of the Proposed Rule that was published in the Federal Register dated December 15, 2011.

COMMERCIAL MAIL SCAN DATA ANALYSIS

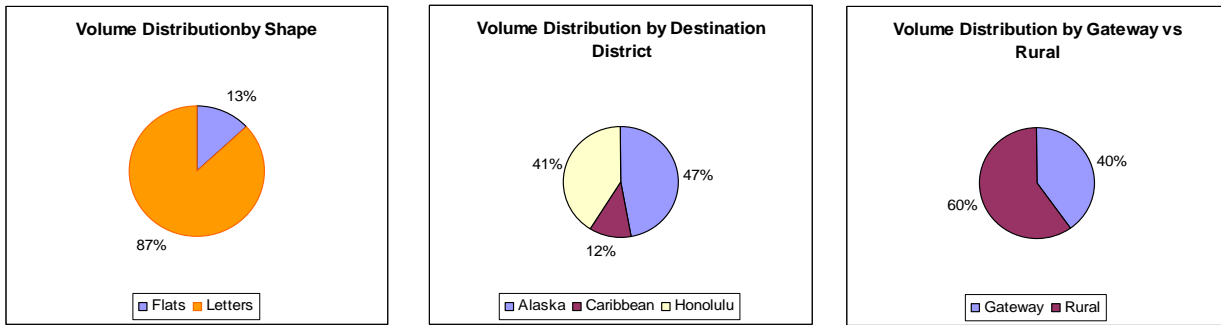
The commercial mail performance results include performance impacts caused by delays between final automated processing and delivery. Generally, mailpieces are expected to be delivered on the same day of the final processing as long as the processing occurred before the clearance time. The last mile delays generally result in lower on time performance scores when measuring the full end-to-end transit time. This

section of the report examines the time in “last mile” for the off-shore locations to understand whether differences exist between the gateway and more remote areas.

For this analysis, we analyzed Full-Service pieces sent to IBM reporters located in the off-shore locations from December 2010 to April 2011. Based on the scans received, we were able to analyze 23,743 iMAPS reporter reported mailpieces. Among these mailpieces, 23,416 mailpieces were included in the analysis based on the following selection rules:

- The final processing scan and the destination are in the same district
- The final processing operation is among the list of destinating processing operation types

These selected mailpieces were received during the period from 12/6/2010 to 4/22/2011, with fairly even distribution in January, February, and March, and lower volume in December, and April. The mail included all classes of mail, dominated by presort First-Class Mail and Standard Mail. The mailpieces were predominately letters with only 13% flats. Alaska had the highest volume (47%) followed by Honolulu (41%) and Caribbean had only 12%. There was a 60/40 split between the Offshore Gateway volume and Offshore Rural volume.



The volume to each ZIP Code area is shown in the table below. There were very few mailpieces for ZIP Code areas 999 and 969. For the remainder of the ZIP Code Areas, there were at least 299 mailpieces. The ZIP Code with the highest volume was Honolulu 967, with a total of 6,478 mailpieces.

Destination	Volume
Alaska	11,009
995 Gateway	5,078
995 Rural	845
996	2,307
997	2,141
998	620
999	18
Caribbean	2,700
006	717
007	561
008	299
009	1,123
Honolulu	9,707
967	6,478
968	3,188
969	41

Because of the limited data in several of the ZIP Code Areas, for this analysis, we compared the Gateway to the combined remote areas for each district, rather than comparing results for each ZIP Code Area. The conclusion is that across the three districts, the Gateways have higher rates of actual delivery on the anticipated date than in the remote ZIP Code Areas.

District	Region	Percent Delivered on Anticipated Delivery Date	
		Letters	Flats
Alaska	Gateway	96.6	91.3
Alaska	Rural	93.4	63.3
Caribbean	Gateway	90.8	62.4
Caribbean	Rural	87.7	61.6
Honolulu	Gateway	97.1	76.9
Honolulu	Rural	96.1	30.9

Letters include PFCM and Standard Mail whereas flats only include Standard Mail results.

Last Mile Delay - Alaska:

- For Alaska, 96.6% of letters to the Gateway were delivered on the anticipated delivery day based on its final processing scan compared to 93.4% for the combined Rural ZIP Code Areas.
- In addition, 91.3% of the flats in Alaska were delivered to the Gateway on the anticipated delivery day compared with only 63.3% for the rural ZIP Code Areas.

Last Mile Delay - Caribbean:

- For Caribbean letters, 90.8% were delivered to the Gateway on the anticipated delivery day based on the final processing scan compared to 87.7% for the combined Rural ZIP Code Areas.
- For flats, there is less than a one point difference in Caribbean; with 62.4% of the Gateway’s flats delivered on the anticipated delivery day compared to 61.6% for the rural ZIP Code Areas.

Last Mile Delay - Honolulu:

- For Honolulu the letters results are also relatively close although there is still a difference. Of the letter mail, 97.1% were delivered to the Gateway on the anticipated delivery day compared to 96.1% for the combined Rural ZIP Code Areas.
- For flats, 76.9% of the Gateway’s mail was delivered on the anticipated delivery day compared to only 30.9% for the rural ZIP Code Areas, which was the largest difference amongst the three districts.

Across the board the flat mailpieces had significantly greater last mile delays compared to the letters, ranging from three to eighteen times the amount of last mile delays.

PERIODICALS

The table below contains the Periodicals results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011 end-to-end measurement. The Gateway performance is highlighted in light blue for comparison’s sake. Likewise, any rural score that is significantly different is highlighted in red if it is lower than the Gateway and in green if the rural score is higher than the Gateway.

FY11*	Periodicals
Alaska	63.1
995 Gateway	68.7
995 Rural	57.2
996	71.4
997	63.7
998	56.7
999	48.2
Caribbean	35.9
009 Gateway	41.8
006	34.1
007	43.7
008	16.7
Honolulu	70.7
968 Gateway	73.8
967	63.0
969	80.4

Unweighted, destinating results are based on mail received between 10/1/10 and 11/18/11 with a majority of pieces received starting in July for the special study

Periodicals - Alaska:

Service Standards

For Destination Entry Mail in Alaska, ZIP Code Area 995 (City of Anchorage 99501-99539) received an Overnight Service Standard from the DSCF and DADC, whereas 996, 997, 998 and 999 each have a Two-Day standard from their DSCF. ZIP Code Area 996 receives a Two-Day standard from the DADC in Anchorage and 997 has a Three-Day Service Standard from the same DADC. Seattle serves as both the DADC for 998 and 999 and as the DNDC for all of Alaska, where it is a Six-Day standard from DNDC entry to 995, Seven-Day Standard to 996, 998 and 999 and Eight-Day Standard to 997. The Origin Entry standards can vary significantly depending on the origin; however, 995 and 996 generally have one less day than origin entry mail traveling to 997, 998 and 999.

Performance Analysis

The ZIP Code Areas of 999, 998 and 995 Rural had the lowest scores with 48.2%, 56.7% and 57.2 respectively, and this was significantly worse than the Gateway which achieved a 68.7%. 996 significantly outperformed the Gateway with 71.4% of the mail delivered on time.

Periodicals – Caribbean:

Service Standards

For Destination Entry Mail in the Caribbean, San Juan serves as both the DSCF and DADC and it is Overnight to ZIP Code Areas 006, 007 and 009 and a Two-Day standard to ZIP Code Area 008. The DNDC is located in Jacksonville FL and it is a Five-Day standard to the Puerto Rico ZIP Code Areas (006, 007, 009) and a Six-Day Standard to ZIP Code Area 008. The Origin Entry standards can vary depending on the location of the origin; however, all four Caribbean ZIP Code Areas have the same service standard expectations when entered at origin. In other words, ZIP Code Area 008 does not receive an additional day for processing.

Performance Analysis

The Gateway had the highest score with a 41.8% and significantly outperformed ZIP Code Area 008 (16.7%) and ZIP Code Area 006 (34.1%). Caribbean's scores are significantly worse than Alaska and Honolulu, so it may be worth reviewing the service standards and processing capabilities for Periodicals in this region. Service standards are currently under review as part of the Proposed Rule that was published in the Federal Register dated December 15, 2011.

Periodicals - Honolulu:

Service Standards

For Destination Entry Mail in the Honolulu District, there is an Overnight service standard from the DSCF for all three ZIP Code Areas. Honolulu serves as the DADC and it is Overnight to ZIP Code Areas 967 and 968 and a Seven-Day standard to 969. The DNDC is in San Francisco and it is a Six-Day standard to ZIP Code Areas 967 and 968 and a Seven-Day standard to 969. The Origin Entry standards can vary depending on the location of the origin; however, ZIP Code Area 969 receives one additional day for mail processing and transportation compared to 967 and 968.

Performance Analysis

Three-Digit ZIP Code 969 had the highest score for Periodicals in the Honolulu District with 80.4% which significantly outperformed the Gateway which scored 73.8%. However, the Gateway did significantly outperform ZIP Code Area 967 which had 63.0% of the mail delivered on time.

PACKAGE SERVICES

The table below contains the retail Package Services results for mail destinating to the 3-digit ZIP Code Areas of the offshore districts in FY2011. Measurement is based on retail Single-Piece Parcel Post and Library Mai/Media Mail sent from post offices. This does not include Parcel Select or other Commercial Package Services. Measurement is end-to-end and does not include destination entry or other commercial mail. The Gateway performance is highlighted in light blue for comparison's sake. We have highlighted any rural score that is different by more than +/- 2.0. It is highlighted in red if it is lower than the Gateway and in green if the rural score is higher than the Gateway.

FY11	Package Services
Alaska	25.5
995 Gateway	31.3
995 Rural	21.9
996	25.9
997	21.5
998	21.2
999	21.7
Caribbean	21.0
009 Gateway	19.8
006	23.9
007	24.4
008	7.7
Honolulu	6.4
968 Gateway	6.9
967	6.0
969	8.0

FY11 results are unweighted and based on destinating mail

Package Services - Alaska:

Service Standards

The origin entry service standards can vary significantly depending on the origin; however, all 3-Digit ZIP Code Areas receive the same number of days to deliver unlike prior mail classes where some rural ZIP Code Areas received an additional day when compared to the Gateway. The Package Services data included in this report contains no Destination Entry mail, so we will not review the service standards in this section.

Performance Analysis

The Anchorage Gateway achieved a 31.3% for Package Services significantly outperforming all of the other ZIP Code Areas in Alaska. The next highest score was in 996 which achieved a 25.9%. The remaining four ZIP Code Areas scored between 21.2% and 21.9%.

Package Services – Caribbean:

Service Standards

The service standards can vary significantly depending on the origin; however, all 3-Digit ZIP Code Areas receive the same number of days to deliver unlike prior mail classes where some rural ZIP Code Areas received an additional day when compared to the Gateway.

Performance Analysis

The Gateway ZIP Code Area of 009 achieved 19.8% and significantly outperformed 008 with only 7.7% of the mail delivered on time. Both 006 and 007 performed better than the Gateway with 23.9% and 24.4%

Package Services - Honolulu:

Service Standards

The origin entry service standards can vary significantly depending on the origin; however, all 3-Digit ZIP Code Areas receive the same number of days to deliver unlike prior mail classes where some rural ZIP Code Areas received an additional day when compared to the Gateway.

Performance Analysis

The Honolulu Gateway in ZIP Code Area 968 achieved 6.9% and had a higher score than the Hawaiian islands in 967 with 6.0% of the mail delivered on time. ZIP Code Area 969 performed better than the Gateway and had 8.0% of the mail delivered on time.

The offshore Package Services scores are quite low for all three districts, so it may be worthwhile to review the service standards as well as the processing logistics for Package Services.

IV. Conclusion

The PRC was concerned that rural parts of the Alaska, Caribbean and Honolulu Districts may receive significantly worse delivery service than their respective Gateways. An offshore special study was therefore conducted in cases where additional measurement was needed, and the FY2011 delivery performance results for each rural 3-Digit ZIP Code Area was compared to their Gateway's performance by mail class. We used a two-sided hypothesis test to determine if score differences were statistically significant.

There were cases where the Gateway significantly outperformed some of the rural 3-Digit ZIP Code Areas across the various mail classes and there were also many cases where the rural areas outperformed the Gateways.

Single-Piece First-Class Mail:

- In Alaska, four out of the five rural ZIP Code Areas were significantly worse than the Gateway in Two-Day and ZIP Code Area 998 was significantly worse results for Three-to-Five-Day. Likewise, three ZIP Code Areas performed significantly better than the Gateway for Three-to-Five-Day.
- In the Caribbean, ZIP Code Areas 008 and 007 were significantly worse than the Gateway for Overnight and Two-Day; however, 008 performed significantly better for Three-to-Five-Day.
- In Honolulu, ZIP Code Area 969 was significantly worse than the Gateway for both standards; whereas ZIP Code Area 967 performed significantly better.

Presort First-Class Mail:

- Alaska ZIP Code Areas 998 and 999 were significantly worse than the Gateway for Three-to-Five Day mail from a statistical perspective. The remaining rural ZIP Code Areas performed significantly better than the Gateway for Three-to-Five Day.
- In the Caribbean, ZIP Code Area 008 performed significantly better than the Gateway whereas 006 and 007 performed significantly worse for Three-to-Five-Day.
- In Honolulu, the Gateway outperformed ZIP Code Area 969 for Three-to-Five Day Mail. The Hawaiian Islands represented by ZIP Code Area 967 performed significantly worse than the Gateway for Overnight service, but significantly better for Three-to-Five-Day service.

Standard Mail:

- In Alaska, there were many cases where the Gateway significantly outperformed the rural ZIP Code Areas. For Destination Entry letters, all of the rural ZIP Code Area results were significantly worse than the Gateway. For End-to-End letters, negative differences for ZIP Code Areas 998 and 996 were statistically significant. Likewise, for flats, 997, 995 Rural and 996 had significantly worse performance than the Gateway for Destination Entry Flats; and 995 Rural, 996 and 997 were also noteworthy for their lower scores for End-to-End Flats. Likewise, ZIP Code Area 997 for End-to-End Letters performed significantly better than the Gateway in Alaska.
- In the Caribbean, ZIP Code Area 008 had a significantly lower score for Destination Entry Letters, while ZIP Code Area 006 was flagged for End-to-End Letters as scoring significantly lower. For flats processing, all three rural ZIP Code Areas performed significantly worse than the Gateway for End-to-End Flats. In Caribbean, there were actually more cases where the rural 3-Digit ZIP Codes significantly outperformed the Gateway's on-time score. This included ZIP Code Area 006 and 007 for Destination Entry Letters, ZIP Code Areas 007 and 008 for End-to-End Letters, and all three rural ZIP Code Areas significantly outperformed the Gateway for Destination Entry Flats.
- In the Honolulu District, ZIP Code Area 969 had significantly worse performance than the Gateway for Destination Entry Letters. In addition, both of the rural ZIP Code Areas were flagged as having statistically significantly worse performance than the Gateway for End-to-End Letters and Flats as well as Destination Entry Flats. Likewise, the Honolulu Standard Mail results were substantially worse than the other offshore districts with the highest score in the teens. There was only one case in Honolulu where a rural ZIP Code Area's score was significantly better than the Gateway – that was ZIP Code Area 967 for Destination Entry Letters.

Periodicals:

- In Alaska, three ZIP Code Areas 995 Rural, 998 and 999 performed significantly worse than the Gateway.
- ZIP Code Areas 006 and 008 performed significantly worse for the Caribbean Periodicals.
- In Honolulu, the Gateway's performance significantly exceeded ZIP Code Area 967's performance. There was only one case in all of the Periodicals results where a rural ZIP Code Area significantly outperformed the Gateway; that was in Honolulu for ZIP Code Areas 969.

Package Services:

- In Alaska, every rural ZIP Code Area performed significantly worse than the Gateway from a statistical perspective.
- Caribbean’s rural ZIP Code Area of 008 performed significantly worse than the Gateway. ZIP Code Areas 006 and 007’s results were significantly better than the Gateway for Package Services.
- The Package Services scores for all three offshore districts are quite low with one Gateway achieving 31.3% and all other results falling between 6.0% and 25.9%.

The table below provides a summary of this information by mail class for each of the districts:

Mail Class	Metrics	Alaska	Caribbean	Honolulu	Total
Single-Piece First-Class Mail	Total Number of Rural Comparisons	10	9	4	23
	Number Significantly Better	3	1	2	6
	Number Significantly Worse	5	4	1	10
	Number Not Significantly Different	2	4	1	7
Presort First-Class Mail	Total Number of Rural Comparisons	7	3	3	13
	Number Significantly Better	3	2	2	7
	Number Significantly Worse	2	1	1	4
	Number Not Significantly Different	2	0	0	2
Standard Mail	Total Number of Rural Comparisons	16	12	8	36
	Number Significantly Better	1	7	1	9
	Number Significantly Worse	13	5	7	25
	Number Not Significantly Different	2	0	0	2
Periodicals	Total Number of Rural Comparisons	5	3	2	10
	Number Significantly Better	0	0	1	1
	Number Significantly Worse	2	2	1	5
	Number Not Significantly Different	3	1	0	4
Package Services	Total Number of Rural Comparisons	5	3	2	10
	Number Significantly Better	0	1	0	1
	Number Significantly Worse	5	1	0	6
	Number Not Significantly Different	0	1	2	3
Total	Total Number of Rural Comparisons	43	30	19	92
	Number Significantly Better	7	11	6	24
	Number Significantly Worse	27	13	10	50
	Number Not Significantly Different	9	6	3	18

Alaska had the highest percentage of their total comparisons perform significantly worse than the Gateway with 27 out of 43 or 62.8%. Honolulu had the next highest percentage of rural areas performing worse with 52.6% (10 of 19) and Caribbean had the lowest percentage with 13 out of 30 or 43.3%. Overall, across the locations, 50 of the 92 total comparisons indicated performance in the rural areas that was significantly worse than performance in the Gateway. However, in 12 of the 50 cases, the score differences were within 2.0 points and in 25 cases the score differences were within 5.0 points of the Gateway. There were also 42 comparisons indicating no significant difference or significantly better performance in the rural areas.

While there is no compelling evidence that performance to the rural areas of the offshore locations is radically lower than the Gateway, in most cases the offshore locations have among the lowest performance in the

nation. The USPS should consider reviewing processing operations and service standards in many of these situations given the extremely difficult logistics and circumstances in Alaska, Caribbean and Honolulu. In discussing the results with USPS Operations they have explained that the service standards are currently under review as part of the Proposed Rule that was published in the Federal Register dated December 15, 2011. While there were a number of cases where the Gateway outperformed the more rural 3-Digit ZIP Code Areas in terms of delivery performance; there were similar results when reviewing the Continental U.S. examples where rural 3-Digit ZIP Code Areas are far from their SCF and/or AADC.