

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

EVOLUTIONARY NETWORK DEVELOPMENT
SERVICE CHANGES, 2006

Docket No. N2006-1

UNITED STATES POSTAL SERVICE REPLY IN OPPOSITION TO
DAVID POPKIN MOTION TO COMPEL RESPONSES TO
INTERROGATORIES DBP/USPS-3, 6, 18 AND 19
(March 14, 2006)

The United States Postal Service hereby responds to the March 7, 2006, motion of David Popkin seeking to compel answers to the following interrogatories: DBP/USPS-3, 6, 18 and 19.

The Postal Service has requested an advisory opinion from the Postal Rate Commission in this docket on the question of whether potentially nationwide changes in the application of current service standards to numerous 3-digit ZIP Code pairs – which are likely to result from systemwide mail processing and transportation changes implemented in pursuit of the Postal Service's Evolutionary Network Development (END) strategy -- would conform to the policies of the Postal Reorganization Act. Each of the interrogatories below seeks to explore matters that are irrelevant and immaterial to the issues raised by the request in this proceeding. Rather than repeat the explanations for this conclusion that are reflected in its objections to these interrogatories filed in on February 21, 2006, the Postal Service incorporates those explanations herein by reference. For those reasons and the reasons explained below, the motion to compel should be denied.

DBP/USPS-3

This interrogatory requests that the Postal Service provide a list of all changes in the application of service standards to the approximately 850,000 3-digit ZIP Code pairs that have been implemented since the issuance of the Commission's advisory opinion in Docket No. N89-1.

It is undisputed that there have been changes in service standards for various 3-digit ZIP Code pairs over the past sixteen years. The Docket No. C2001-3 Declaration of Charles Gannon (July 30, 2001) discusses the comprehensive First-Class Mail service standard changes that were implemented in Phase I (1990-91) and Phase II (2000-01) of the realignment plan reviewed by the Commission in Docket No. N89-1. Otherwise, isolated local changes have been routinely implemented since 1990. Mr. Popkin provides no basis for the Commission to conclude that a list of all such changes would constitute information relevant to the issues raised by the request in the instant docket. It is not relevant to this docket how or when or why service standards may have changed for any of the approximately 850,000 3-digit ZIP Code pairs in the postal system over the past 16 years. The accumulated changes are baked into the current service standards data base and are reflected in USPS Library Reference N2006-1/2. The purpose of the current docket is to provide the Commission a basis for opining whether future changes in service standards that result from operational changes implemented in pursuit of the Postal Service's Evolutionary Network Development strategy conform to the policies of the Postal Reorganization Act. The current service standards serve as the baseline for that examination.

In support of his motion, Mr. Popkin argues that:

The change in service standards is an integral part of the consolidation of processing facilities. The evaluation of the previous consolidations is an integral part of this Docket.

Popkin Motion at 1. Mr. Popkin is wrong on both counts.

First, while it is true that changes in service standards can result from consolidations, such changes are not necessarily an integral part of consolidation. This is proven by a cursory review of the consolidation decision packages contained in USPS Library Reference N2006-1/5. For example, at pages 33, 54 and 129 in that Library Reference, it is self-evident that consolidations can occur that produce no service standard changes. And Docket No. C2001-3 stands as proof that service standard changes can occur independently of mail processing operational consolidations.

Second, Mr. Popkin provides no basis for the sweeping conclusion that every isolated operational consolidation implemented at every mail processing facility over the past 16 years is relevant to the Postal Service's current plan to centrally direct an accelerated use of its long-standing Area Mail Processing procedures (USPS Handbook PO-408/USPS-LR-N2006-1/3) to improve efficiency and eliminate redundancy over the next several years, in pursuit of the objectives of its Evolutionary Network Development strategy. After years of internal development and external review, the Evolutionary Network Development (END) strategy for operational consolidation is on the verge of the initial phase of implementation. The fact that isolated, local operational changes have occurred in the mail processing network over the past sixteen years for any number of other reasons does not make those changes relevant to END or related issues that are the subject of the instant docket.

Were Docket No. N2006-1, instead, a complaint proceeding in which the Commission was retrospectively reviewing changes in the application of service standards for some reason, the information sought by this interrogatory could possibly be relevant in such a context. Curiously, Mr. Popkin – in both his interrogatory and in his motion to compel – avoids attracting the Commission’s attention to the fact that, in all material respects, this same question was asked and, to the extent possible, answered in Docket No. C2001-3 – a proceeding in which such a retrospective examination of service standard changes occurred. The Postal Service invites the Commission’s attention to its May 2, 2003, revised response to Docket No. C2001-3 interrogatory DBP/USPS-23. As indicated there, an exhaustive search was undertaken to locate available responsive Service Standards CD-ROMs and diskettes. Those few that were located were provided to Mr. Popkin for examination, review, copying and/or downloading. What, if anything, Mr. Popkin may have done with the fruits of that exhaustive and resource-consuming search is a mystery.

Mr. Popkin argues at page 2 of his motion that, if the Postal Service has historical quarterly Service Standards CD-ROMs for a “shorter period of time, they should be required to produce” the list of all service standard changes that have occurred for that period. Mr. Popkin still offers no reason why some unspecified shorter historical period would be relevant to the issues in this proceeding. In any event, Mr. Popkin got a huge bite of the apple in Docket No. C2001-3.

To further muddy the issue, Mr. Popkin argues that he is not looking for individual snapshots taken at the quarterly intervals, but he is looking for service standard changes that occurred between each of the quarterly intervals. Popkin Motion at 2. It is

not altogether clear what Mr. Popkin is saying here. Nevertheless, if nothing else was made clear with respect to the administration of service standard changes during Docket No. C2001-3, it was that the Postal Service makes every effort to avoid implementing any such changes at any time other than at the beginning of a fiscal quarter, so that each quarterly CD-ROM that is distributed is current for the entire quarter to which it pertains. Putting aside the possibility of a rare exception, there should be virtually no service standard changes during the past sixteen years that were implemented mid-quarter. And, as emphasized in the above-referenced Docket No. C2001-3 interrogatory response, the Postal Service does not maintain an archive of the state of its service standards from quarter-to-quarter. The Postal Service overwrites the Service Standards database every quarter to incorporate approved changes and then burns new compact discs for distribution. There is no comprehensive quarter-by-quarter, before-and-after list of what the service standards for any particular ZIP Code pair may have been over time. If Mr. Popkin has now reduced his request to service standard changes that may have been implemented in between quarterly intervals during some period shorter than 16 years, he still has failed to articulate any basis for the Commission to direct the Postal Service to bear the burden of searching for a narrower range of irrelevant needles in 16 years of past haystacks.

DBP/USPS-6

For many of the same reasons, the motion to compel a response to DBP/USPS-6 should be denied. This interrogatory seeks a detailed explanation and review of the determination in 1990-91¹ to apply the overnight First-Class Mail service standard

¹ See Docket No. C2001-3, Declaration of Charles M. Gannon at ¶4-5 (July 30, 2001).

definition reviewed in Docket No. N89-1 to mail originating in the service area of the Northern New Jersey Processing and Distribution Center (P&DC).

At the outset, the Postal Service affirms here that, given the organizational changes and records purges that have occurred over time, it has not located and expects that it probably could not locate any records relating to the numerous decisions in 1990-91 implementing the overnight/2-dayservice standard changes within the scope of Phase I of the realignment program reviewed by the Commission in Docket No. N89-1. Thus, even if the subject matter of this interrogatory were relevant to the instant docket, the Postal Service is unable to provide Mr. Popkin any records documenting the review of the specific local variables that led to the assignment of the overnight/2-day First-Class Mail service standards for northern New Jersey that are apparently still in effect. Demanding that the Commission direct the Postal Service make long-gone explanatory records materialize may be cathartic, but it only results in a waste of Postal Service and Commission resources.

The Postal Service concedes that the questions in each of the subparts of this interrogatory are arguably relevant to the issues raised by its Docket No. N89-1 request. Docket No. C2001-3 was a complaint proceeding in which there was an extensive retrospective examination of the belated 2000-01 implementation of the Phase II (2-day/3-day) service standard changes for which the Docket No, N89-1 advisory opinion was requested. The record in that complaint proceeding dispels any notion that Mr. Popkin had no opportunity to explore service standards administrative implementation minutiae, whatever their relevance to the issues in that docket may or may not have been.

However, we are now in Docket No. N2006-1. While all three dockets, in their own way, involve an examination of service standard changes, it does not follow that issues relevant to the request or complaint in one docket are relevant to the request or complaint in another docket, as Mr. Popkin appears to believe. The scope of Docket No. N2006-1 cannot reasonably be expanded to accommodate the sort of examination requested by this interrogatory. There is no proposal to change the current service standard definitions. The purpose of the instant docket is not, as Mr. Popkin seems to assume, to determine whether the current service standard definitions are appropriate, or to evaluate whether, at this very moment, they are accurately implemented for each mail class for each of the approximately 850,000 3-digit ZIP Code pairs. At page 2 of his motion, Mr. Popkin argues that he is entitled to a thorough examination of the 1990-91 overnight First-Class Mail service standard implementation decisions for his chosen 3-digit ZIP Code area. The only reason he offers, however, is that there is a summary of the currently applicable service standard definitions appended to the Docket No. N2006-1 testimony of witness Shah (USPS-T-1). That summary of the currently applicable service standard definitions was appended to the testimony of witness Shah for the simple reason that it would be impossible to talk about potential changes in the application of service standards without at least acknowledging what the applicable service standards are. The Postal Service's acknowledgment of the current service standard definitions does not open the door in this proceeding for a mail class-by-mail class, 3-digit ZIP Code pair-by-3-digit ZIP Code pair examination of the millions of determinations that have been made to apply those definitions to create the current Service Standards CD-ROM reflected in USPS Library Reference N2006-1/2. If one

such examination is relevant, then they all are relevant , and there would be no basis for relieving the Postal Service of the burden in this proceeding of explaining and/or recreating each and every one of those millions of determinations, as they apply to each mail class and 3-digit ZIP Code pair.

The scope of the instant docket may be broad, but it is not unlimited. Every facet of the current service standards and how they currently apply to each 3-digit ZIP Code pair is not relevant to the issues raised by the request in Docket No. N2006-1. Going forward in pursuit of the objectives of its Evolutionary Network Development strategy, the Postal Service is expected to apply the current service standard definitions, as it determines what service changes will result from operational consolidations. The *why* and *what* and *how* and *when* of those upcoming decisions are the proper subjects of Docket No. N2006-1.

DBP/USPS-18

This interrogatory requests a listing of all mail processing facilities that have either been closed or that have had some portion of their operations consolidated since the issuance of the Commission's Docket No. N89-1 advisory opinion.

To be clear, the Postal Service emphasizes that no such list exists. The Postal Service has no archive that might reflect each time personnel or equipment or transportation or operations were consolidated and transferred to another facility. In any event, a list facilities at which such changes might have occurred would not be relevant to or provide any information material to the question of whether the types of operational and service standard changes that can be expected to result from

Evolutionary Network Development would conform to the policies of the Postal Reorganization Act.

At page 3 of his motion to compel, Mr. Popkin complains that:

the Postal Service is attempting to establish a baseline with the current status. They are the ones that have not filed a service standards request since the Postal Rate Commission's Docket No. N89-1 advisory opinion. Evaluation of the changes that were made since the last request is certainly relevant.

In other words, Mr. Popkin argues that when the Postal Service files a request for review of an upcoming program for service changes that have the potential to be substantially nationwide under § 3661 and, therefore, subject to Commission review, then that request provides a basis for subjecting any earlier isolated, localized changes outside the scope of that program and outside the scope of § 3661 to automatic review in the pending § 3661 action.

To the contrary, the purpose of the current docket is not to conduct an historical, facility-by-facility, operation-by-operation examination of the development of the current mail processing network. Instead, the purpose of this docket is to take the current state of the network as a baseline for examining whether service changes that result from Evolutionary Network Development would conform to the policies of the Postal Reorganization Act.

Revelation in the current docket, for instance, that all originating operations formerly conducted in Processing & Distribution Facility "X" were then transferred to P&DC "Y" in 1997 would add not one iota of meaningful information pertinent to the issues raised by the request in this docket. The same would be true of the revelation of the details of the consolidation of operations from the Washington DC P&DC to suburban facilities in the aftermath of the 2001 anthrax incident. Unlike a

§ 3662 complaint proceeding, in which the Commission dissects and examines past substantially nationwide actions of the Postal Service and their consequences, § 3661 proceedings are established for the review of plans for future actions and their potential consequences.

At page 5 of his motion, Mr. Popkin argues that “[t]he ability to evaluate previous consolidations and determine the effect on the mailing public is most relevant.” What he fails to grasp is that such matters are not relevant to the current request. The effects of any isolated mail processing consolidations that have occurred over the past 16 years are reflected in the state of the current mail processing network, which serves as the baseline for evaluating the goals of Evolutionary Network Development and the service changes that are likely to result. One does not need an ability to evaluate all past operational consolidation activity, as Mr. Popkin argues, in order to assess the Postal Service’s Evolutionary Network Development strategy.

DBP/USPS-19

Attached to the testimony of witness Williams (USPS-T-2) is a list of 41 facilities which are currently subject to the Area Mail Processing review process as part of the Postal Service’s END strategy. For the duration of this litigation, the Postal Service intends to make public the final results of each of these reviews in a manner consistent with that reflected in USPS Library Reference N2006-1/5, as soon as possible after fulfilling its obligation to notify postal employee collective bargaining unit and employee association representatives. See pages 3-4 of the Postal Service’s February 14, 2006, Motion for the Adoption of a Proposed Procedural Schedule and Special Rules of Practice.

Subpart (a) of this interrogatory requests that the Postal Service “provide the time period and status” that the list of 41 facilities represents. Having revealed the list, having committed to a process for timely disclosure of study results once decisions are made, having indicated its intent to initiate implementation of changes in mid-May 2006, the Postal Service is at a loss to understand how it could possibly be relevant for it to reveal the specific dates on which each of these studies commenced. There is no issue in this proceeding that hinges on such information. It would not further the resolution of the issues raised by the request in this docket for the Postal Service to reveal which study commenced first, twenty-first or forty-first. The time period the studies represent is *now*. Their status is *ongoing*.

At page 3 of his motion, Mr. Popkin argues that “whether the study has just started or has been pending for several years is certainly relevant.” The fact that a particular mail processing facility on the list of 41 recently subjected to AMP review in pursuit of the objectives of END may have earlier been deemed a candidate for AMP review and/or the subject of an abandoned or uncompleted AMP analysis before or during the development of the END strategy has no bearing on any issue in this docket. The testimony of witness Williams confirms that a number of AMP studies and decisions were put on hold during the development of the END strategy. Which ones those might have been, or whether any are among the list of 41, is not relevant to the question of whether the implementation of substantially nationwide service changes as a consequence of Evolutionary Network Development would conform to the policies of the Act.

At page 3 of his motion, Mr. Popkin argues that it is immaterial whether all of the 41 facilities were first exposed to the AMP process for purposes of END within close proximity of one another in the fall of 2005. But if, as he concedes, the timing of the initiation of studies is so immaterial, then his motion must be denied. He cannot have it both ways. It is equally immaterial whether any of the facilities were first identified as potential candidates for AMP review by someone in the Postal Service before the fall of 2005. All that matters is whether service changes resulting from the current pursuit of END for these and countless other facilities would conform to the policies of the Act.

Subpart (b) of DBP/USPS-19 requests a list for the currently ongoing 41 studies which shows the date on which each study commenced, the date on which final action was taken, a brief description of the proposed consolidation, and the current status of each related action.

Final action consists of a Headquarters decision regarding what, if any, operational and service standard changes to implement. As indicated above in reference to DBP/USPS-19(a), those decisions will be made public during the litigation of this docket in due course. The Postal Service should not be compelled to publicly disclose descriptions of any AMP proposals currently under consideration. Such proposals are pre-decisional and subject to change until a final decision is made and published. Compelling the production of status reports each time a particular proposal under review is tweaked or inches further along in the decision-making process does nothing to advance the Postal Rate Commission's understanding of whether the types of actual operational and service changes decided upon by the Postal Service conform to the policies of the Postal Reorganization Act.

In conclusion, for the reasons explained above, the Commission should deny the March 7, 2001, motion of Mr. Popkin seeking to compel responses to the interrogatories identified above. The Postal Service will address Mr. Popkin's motion, insofar as it applies to DBP/USPS-30, on March 16, 2006, and will move for late acceptance of such a pleading on that date.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998, Fax -5402
michael.t.tidwell@usps.gov
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