

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

EVOLUTIONARY NETWORK DEVELOPMENT
SERVICE CHANGES, 2006

Docket No. N2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS SHAH (OCA/USPS-T1-9 and 11)
(April 10, 2006)

The United States Postal Service hereby submits its responses to the following interrogatory of the Office of the Consumer Advocate, filed on March 8 and, 2006, respectively: OCA/USPS-T1-9 and T1-11. Each interrogatory has been redirected from witness Shah to the Postal Service for response. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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April 10, 2006

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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OCA/USPS-T1-9

The following refers to your response to APWU/USPS-T1-3[c].

- a. Please explain what the acronym PSFR refers to. Include in your response a description of the types of data contained in the PSFR data source and provide a sample copy of the report.
- b. Please explain what the acronym EOR refers to. Include in your response a description of the types of data contained in the EOR data source and provide a sample copy of the report.
- c. Please explain what the acronym TIMES refers to. Include in your response a description of the types of data contained in the TIMES data source and provide a sample copy of the report.
- d. Please provide a copy of the reports generated by PC Miler for each of the ten sites specified in this docket.
- e. Please provide the most recent copy of the Service Standard Directory you are referring to in your response.

RESPONSE

- a. Postal Service Financial Report. This report was an internal management reporting system that contained revenue and expense data by Area. It compared actual data versus the financial plan and versus same period last year. These comparisons were shown on a current accounting period basis and on a year-to-date basis. A sample page is attached. Beginning with FY 2004, the PSFR was discontinued and the Financial Performance Report (FPR) became the new internal management report. The FPR contains revenue and expense data by revenue and expense line at the National level, not by Area. The FPR compares actual data versus the financial plan and versus same period last year. These comparisons are shown on a current month basis and on a year-to-date basis. The FPR also contains information on capital commitments.

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Response to OCA/USPS-T1-9 (continued)

- b. EOR – End of Run. An EOR report would show the throughput for a particular piece of mail processing equipment at a particular mail processing location, such as an Optical Character Reader, for a particular operation (outgoing primary sortation, incoming secondary sortation, etc.). A report would indicate the number of pieces read, the number of pieces sorted to various bins, the number rejected, the amount of time for the machine run, etc.)
- c. The Transportation Information Management Evaluation System contains data regarding surface transportation trips: arrival times, load/unload times, types of mail, types and number of containers, etc. A sample sheet is attached.
- d. PC Miler is an off-the-shelf software application used by the Postal Service to estimate drive times and distances between locations. No print-outs of the figures reflecting the distance between the consolidated and the gaining facilities that would have been generated and examined in connection with those 10 AMPs reviews were preserved.

<u>Consol</u>	<u>Gaining</u>	<u>Miles</u>
Monmouth NJ	Trenton	49
	Kilmer	27.2
Waterbury CT	So. Conn	20.7

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Response to OCA/USPS-T1-9 (continued)

<u>Consol</u>	<u>Gaining</u>	<u>Miles</u>
Pasadena CA	Industry	24.1
	Santa Clarita	34
Greenburgh PA	Pittsburgh	36.4
Olympia WA	Tacoma	29.3
Bridgeport CT	Stamford	21.2
NW Boston MA	Boston	6.5
Kinston NC	Fayetteville	96.7
Marysville CA	Sacramento	43.9
Mojave CA	Bakersfield	62.8

- f. A copy of the FY 2006 Q1 Service Standards Directory is provided in USPS Library Reference N2006-1/2. There were no changes implemented for Q2.

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ACTUAL	CURRENT PLAN	PERIOD PLAN %CHG	OVER/UNDER	SPLY %CHG	BA	BANAME	ADJ	ACTUAL	PLAN	TO DATE PLAN %CHG	OVER/UNDER	SPLY %CHG
AREA REVENUE												
414,901	428,209	3.1-	13,308-	2.3	4A	NEW YORK METRO	468-	5,925,274	5,959,676	.6-	34,401-	4.5
371,509	379,087	2.0-	7,578-	2.5	4B	NORTHEAST	1,408	5,029,605	5,043,279	.3-	13,674-	4.3
518,171	535,413	3.2-	17,242-	1.3-	4C	ALLEGHENY	508	7,316,595	7,316,595	.2-	13,058-	4.5
319,290	327,742	2.6-	8,451-	3.0	4D	MID-ATLANTIC	310	4,267,971	4,297,697	.7-	29,726-	3.8
364,895	378,604	3.6-	13,709-	3.1	4E	WESTERN	1,108-	5,063,126	5,135,858	1.4-	72,732-	3.7
480,680	505,682	4.9-	25,002-	.8	4F	PACIFIC	367	6,641,839	6,804,476	2.4-	162,637-	2.7
367,080	390,669	6.0-	23,589-	.4-	4G	SOUTHWEST	112-	5,071,492	5,202,223	2.5-	130,731-	2.1
514,547	529,389	2.8-	14,842-	2.1	4H	SOUTHEAST	1,142	6,972,645	7,095,592	1.7-	122,947-	2.6
661,712	692,250	4.4-	30,538-	.4	4I	MIDWEST	96-	8,775,751	8,919,213	1.6-	143,462-	2.3
462,080	473,525	2.4-	11,445-	2.3-	4J	GREAT LAKES	263	6,324,040	6,317,113	.1	6,927	4.0
159,742	181,267	11.9-	21,525-	5.8-	4K	CAPITAL METRO	1,452	2,291,062	2,407,180	4.8-	116,118-	.7-
285	285	9.1-	26-	43.2	4W	MAIL RECOVERY CNTR		4,546	3,600	26.3	946	21.2
					4X	RETAIL OPERATIONS		75-				
4,634,865	4,822,120	3.9-	187,256-	.6	OTHER AREA REVENUE		2-		4-	57.6-	2	41.0-
					TOTAL AREA REVENUE		3,667	63,670,814	64,502,499	1.3-	831,684-	3.2
88,331	49,182	79.6	39,149	24.7-	HQ & SERVICEWIDE		67,178	487,935	387,190	26.0	100,745	18.8-
4,723,195	4,871,302	3.0-	148,107-	.1-	SUBTOT REV FROM OP		70,844	64,158,749	64,889,688	1.1-	730,939-	3.0
4,738	5,009	5.4-	271-	13.2-	APPROPRIATIONS		64,786		65,057	.4-	271-	8.8-
4,727,934	4,876,311	3.0-	148,377-	.1-	TOT OPERATING REV		70,844	64,223,535	64,954,745	1.1-	731,210-	3.0
FLD OPER EXP												
139,260	140,354	.8-	1,094-	2.8	1A	NEW YORK METRO	233	1,856,840	1,852,614	.2	4,226	2.0
103,565	106,640	2.9-	3,075-	1.4	1B	NORTHEAST	496	1,382,840	1,388,991	.4-	6,150-	1.4
132,608	132,897	.2-	289-	3.6	1C	ALLEGHENY	57	1,733,334	1,739,311	.3-	5,978-	1.1
81,839	81,890	.1-	52-	3.1	1D	MID-ATLANTIC	48	1,088,135	1,082,862	.5	5,273	4.2
99,580	98,893	.7	687	1.0	1E	WESTERN	92-	1,343,977	1,331,478	.9	12,499	4.1
156,231	158,220	1.3-	1,989-	6.2	1F	PACIFIC	478	2,054,072	2,038,362	.8	15,710	5.3
114,890	113,273	1.4	1,617	2.0	1G	SOUTHWEST	1,519-	1,511,176	1,482,687	1.9	28,489	4.0
154,598	151,168	2.3	3,430	8.0	1H	SOUTHEAST	273	1,973,992	1,958,105	.8	15,887	5.9
106,605	109,985	3.1-	3,381-	1.0	1I	MIDWEST	374	1,420,096	1,409,005	.8	11,091	2.4
143,076	145,597	1.7-	2,521-	6.2	1J	GREAT LAKES	456	1,916,123	1,915,302	.1	821	6.5
54,396	54,769	.7-	373-	2.4-	1K	CAPITAL METRO	109	731,140	723,096	1.1	8,044	.2
1,286,646	1,293,686	.5-	7,041-	3.5	SUBTOT P&D EXPENSE		914	17,011,726	16,921,815	.5	89,911	3.6
246,449	248,945	1.0-	2,497-	4.3	4A NEW YORK METRO		325	3,181,550	3,198,887	.5-	17,337-	3.8
232,517	237,911	2.3-	5,394-	4.2	4B NORTHEAST		106	3,051,593	3,040,235	.4	11,359	3.6

AP ON HEADING HAS BEEN PROCESSED AND MAY NOT BE COMPLETE

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OCA/USPS-T1-11

Has the Postal Service performed an END or AMP analysis of part or all of the facilities and network in Figure 2?

- a. Assuming that your answer is “yes,” please provide the analyses and conclusions. Please identify and quantify cost savings and service changes.
- b. Assuming that your answer is that the analysis is currently ongoing, please provide information on the extent of the study, details of the study, and expected findings and conclusions.
- c. Assuming that your answer is “no,” please explain why no study is being conducted and the extent to which you believe that such a study would or would not be applicable to enhance efficiency in the Postal network.

RESPONSE:

(a-c)

The Postal Service is using the END model and the AMP process to assist in determining the potential roles of existing facilities in the future mail processing network. END modeling suggests possible outcomes that can then be considered and analyzed through mechanisms like the AMP review process. It is this review process that leads to decisions about whether many current mail processing facilities, such as those depicted in Figure 2, should be retained as part of the future network and what their functions should be. Like any other mail processing plants in the network, the facilities depicted in Figure 2 are candidates for AMP review as a part of the END initiative. Presumably, their time will come. It would be imprudent to try to predict or guess what the results of those studies could be.

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RESPONSE to OCA/USPS-T1-11 (continued)

It is expected that the future mail processing network will evolve to a state where there will eventually be approximately 70 of the Regional Distribution Centers depicted in Figure 3 located throughout the continental U.S., each of which is connected to a variety of subordinate or related facilities. Further review is necessary before the Postal Service can be certain of all potential RDC locations or what roles will be played by the facilities depicted in Figure 2. As described by witness Williams (USPS-T-2), numerous facility-specific AMP feasibility studies will be conducted during the next several years to determine their roles and relationships. Some mail processing functions are expected to shift to different locations in many cases.