

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

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1 AND 3 THROUGH 24
OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 5**

The United States Postal Service hereby files the following responses to the following questions submitted as part of Presiding Officer's Information Request No. 5, dated February 27, 2012:

- responses of witness Williams to questions 1 and 3;
- responses of witness Rosenberg to questions 4 through 8;
- responses of witness Neri to questions 9 through 11;
- responses of witness Bratta to questions 12 through 17;
- response of witness Martin to questions 18-19;
- institutional response to question 20;
- responses of witness Smith to questions 21 through 23;
- response of witness Elmore-Yalch to question 24.

A response to question 2 is forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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March 8, 2012

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO PRESIDING OFFICER'S INFORMATION REQUEST**

1. The resilience of a transportation network can be defined as the ability of the network to maintain service levels during operations or quickly return to normal operation after plant disruption, adverse weather, natural incidents such as floods, snow, ice, fog, hurricanes, terrorism or accidents, power outages, or other situations. A resilient network can be designed to isolate failures and to prevent cascading of service degradation. In the case of the Postal Service, managers may reroute mail to alternate processing facilities to adapt to temporary, unforeseen situations.
 - a. To what degree has the Postal Service planned to maintain the resilience of its network after the proposed changes?
 - b. Please describe how and to what extent the ability of the network to provide temporary emergency substitution was factored into the development of the Mail Processing Network Rationalization Service Changes proposal?

RESPONSE

- a. See the response to APWU-T1-4.
- b. The Postal Service develops plans for contingency purposes at each facility. The Postal Service will update all plans accordingly based on the redesigned mail processing network. The Postal Service expects to employ such strategies in the future as are employed today to respond to such events as are listed in the question, including the creation of temporary facilities or the temporary staging of operations at existing nearby facilities to ensure that reasonable levels of service can be maintained under the circumstances.

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3. In support of its 2011 Annual Compliance Report, the Postal Service filed its "Special Study of Off-Shore Service Performance FY11" in USPS-FY11-29.
- a. Will any plants in non-contiguous areas (e.g., Alaska, Hawaii, Guam) be affected by the Mail Processing Network Rationalization Service Changes proposal?
 - b. Please describe any ways in which the effects of the proposal will be different for remote or non-contiguous areas than for the rest of the country, including whether the changes will improve or worsen the relative service performance in these areas. Be sure to discuss whether and how the lack of closures in a non-contiguous area will alter the effects of the proposal on those areas.

RESPONSE

- a. No.
- b. Due to the unique logistical requirements for non-contiguous areas, the Postal Service does not expect worsening of the relative service performance vis-à-vis the service standards. Specifically the Postal Service has proposed aligning the service standards appropriately with the unique transportation issues between the contiguous U.S. states and the non-contiguous locations. There are proposed changes to the First-Class Mail and Periodicals service standards as a result detailed in the proposed changes to 39 CFR 121.1 filed in USPS Library Reference N2012-1/7, pages 17-22.

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4. In LR-USPS-N2012-1/17 tab "Model Mods," the 3-digit customer assignments developed using the LogicNet Model have been modified using "Local Insight." On February 23, 2012, the Postal Service announced the results of the AMP studies it has undertaken concurrently with the instant proposal. Please provide an update to the 3-digit customer assignments to reflect current plans based on the results of these studies.

RESPONSE:

See the Attachment to this response

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5. File LR-USPS-N2012-1/47 tab 'Facilities' column E is titled "Current Workroom Sq Ft." Column D is titled "Include?"
- a. Please explain how the facility-by-facility determination to "include" or "not include" was made.
 - b. Please explain why 322 facilities were chosen as the starting point for this analysis.
 - c. Please discuss the differences in Facility Square Footage between file LR-USPS-N2012-1/47 tab "Facilities" and file LR-USPS-N2012-1/52 Access file "Plants."
 - d. Please provide a crosswalk between file LR-USPS-N2012-1/47 tab "Facilities" and file LR-USPS-N2012-1/52 Access table "Plants."

RESPONSE:

It should be emphasized that Library Reference N2012-1/47 was a relatively high level modeling exercise undertaken for the purpose of generally understanding how processing windows could potentially impact square footage requirements of the network, and how square footage requirements could impact network costs.

- a-b. The decision to include or not include was based on whether letter of flat volume was reported in end-of-run for Fiscal Year 2009 in MODS for the facility. In addition, facilities were excluded if they could be presumed not to include operations for the processing of single-piece letter or flat mail, such as Logistics & Distribution Centers or Network Distribution Centers.
- c. The Postal Service continually updates its data and surveys the field to obtain the most accurate information possible. This analysis was performed early in Fiscal Year 2010. The subsequent modeling performed refreshed the data to reflect more accurate data sources.
- d. See the Attachment to this response.

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6. File LR-USPS-N2012-1/47 tab "Sheet4" columns K through L contain machine square footage footprints. File LR-USPS-N2012-1/17 tab 'ModelMods' also contains machine square footage footprints. File LR-USPS-N2012-1/19 contains Handbook AS-504 "Space Requirements," which provides rules and guidelines for machine footprints. Please provide a crosswalk of the machine footprints contained in LR-USPS-N2012-1/47 and LR-USPS-N2012-1/17 with LR-USPS-N2012-1/19.

RESPONSE:

The Handbook AS-504 was used as a starting point for equipment footprint requirements. For LR-USPS-N2012-1/17, the footprint was inflated to account for the additional space potentially required under the new operating environment. The requested cross-walk is attached.

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Attachment to Response to POIR 5 Question 6

Equipment	Library Reference 47 - Worksheet entitled Sheet 4 (Cells K2:027)					AS-504			Library Reference 17	
	Short Name	Foot Print	Staging	Aisle	Total	Page Number	Footprint	Notes	Actual	Model
AFCS	AFCS	2,294	20.0%	20.0%	3,303	87	2,294		3,893	4,866
MPBCS	MPBCS	1,676	15.0%	20.0%	2,313	110	1,676			
MLOCR	MLOCR	1,712	15.0%	20.0%	2,363	111	1,712			
DBCS	DBCS	1,656	15.0%	20.0%	2,285	134	1,656	(222 DBCS)	2,491	3,114
FSM1000	FSM1000	3,093	15.0%	20.0%	4,268	143	3,093			
SPBS	SPBS	11,154	20.0%	20.0%	16,062	152	11,154		16,384	20,480
AFSM100	AFSM100	5,344	15.0%	20.0%	7,375	Flat Mail Support Guide V1.1.		4,992	7,792	9,740
LCTS	LCTS	14,392	15.0%	20.0%	19,861					
APPS	APPS	32,004	20.0%	20.0%	46,086				59,079	73,848
LCUS	LCUS	9,666	15.0%	20.0%	13,339	180	10,000			
FSM	FSM	3,093	15.0%	20.0%	4,268	143	3,093			
OCR	OCR	1,712	15.0%	20.0%	2,363	106	1,712			
MANF	MANF				187	143	150			
MANL	MANL				94	75	87			
MANPM	MANPM				144	165	255			
UFSM1000	UFSM1000	3,093	15.0%	20.0%	4,268	143	3,093			
CIOSS	CIOSS	1,656	15.0%	20.0%	2,285	Used DBCS Footprint as Proxy				
DIOSS	DIOSS	1,656	15.0%	20.0%	2,285	Used DBCS Footprint as Proxy				
PSM	PSM	11,154	20.0%	20.0%	16,062	Used SPBS Footprint as Proxy				
NMO	NMO				187	135	187			
ROBOT	ROBOT	2,500	15.0%	20.0%	3,450	185	2,500			
SSM	SSM	9,666	15.0%	20.0%	13,339					
F/C	F/C	2,294	20.0%	20.0%	3,303	75	2,294			
CSBCS	CSBCS	1,656	15.0%	20.0%	2,285	Used DBCS Footprint as Proxy				
LIPS	LIPS	11,154	20.0%	20.0%	16,062	Used SPBS Footprint as Proxy				
FSS									28,000	35,000

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7. File LR-USPS-N2012-1/47 tab "Sheet1" column "AvgOfTFP" contains the average throughput by machine for each facility in LR-USPS-N2012-1/47.
- a. Please provide the source of this information, as well as any programs used to develop the output file.
 - b. Please confirm that the average of the tab "Sheet1" column C for each machine is used as the "throughput" in columns E and F of tab "Process Steps of Interest." If not, please explain.
 - c. Are the machine throughputs in tab "Sheet1" summarized in tab "Process Steps of Interest" the actual machine throughputs? If not, please explain.
 - d. USPS-T-3 Figure 1 on page 19 contains "Model Equipment Throughput." For example, it shows a throughput of 27,500 for the DBCS. In contrast, file LR-USPS-N2012-1/47 tab "Process Steps of Interest" presents the throughput of the DBCS in cell F31 as 38,035. Please explain the differences in machine throughputs between USPS-T-3 and LR-USPS-N2012-1/47.
 - e. In support of its FY2011 Annual Compliance Report, the Postal Service filed USPS-FY11-23, which contains the MODS productivities for FY 2011. Please explain the differences between the MODS productivities by machine in USPS-FY11-23 and LR-USPS-N2012-1/47. For example the "In BCS Secondary" TPF/Hour in tab "Table" cell I12 of 8,813 is substantially different from the DBCS throughput of 38,035 from LR-USPS-N2012-1/47.

RESPONSE:

- a. See the Attachment to this response.
- b. Confirmed.
- c. See the Attachment to the response to part a, which indicates:

*round(sum(ad.total_pieces_fed_cnt)/sum(ad.run_time)*3600,0) "Avg Throughput"*
- d. The Library Reference used the End of Run throughputs, while my testimony used the End of Run as a baseline and modified throughputs to better reflect throughputs under a new operating environment (one in which most volume will be staged prior to beginning the operation).

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RESPONSE to QUESTION 7 (continued)

- e. Productivities cannot be compared to throughput. Productivities represent the pieces process per workhour. The throughputs represent the capability of a given piece of machine to process mail by workhour. Productivities will differ based on each specific machine, how the machine is configured, staffing indexes assigned to machines, as well as lunch and break factors.

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Attachment to RESPONSE to QUESTION 7a

Set head off
set pagesize 30000
set linesize 400
set feedback off

Spool &1

--volumes and run times for all sort types

--8 April 2008

--modified 24 April to pull operations number from application_data for better accuracy

```
select eor.site_id "Site ID", substr(pf.site_name,1,32) "Site Name",  
       substr(mt.mach_type_desc,1,14) "Machine Type",  
       eor.mods_date, trunc(ad.mail_operation_nbr/1000) "OpNum", count(ad.run_sequence_nbr)  
"Runs",
```

```
       count(distinct eor.machine_id) "Machines",  
       sum(ad.total_pieces_fed_cnt) "Tot Pcs Fed",  
       sum(ad.total_pieces_accepted_cnt) "Tot Pcs Accepted",  
       sum(ad.total_pieces_rejected_cnt) "Tot Pcs Rejected",  
       round(sum(ad.run_time)/3600,2) "Run Time",  
       round(sum(ad.total_pieces_fed_cnt)/sum(ad.run_time)*3600,0) "Avg Throughput"
```

```
from application_data ad, end_of_run eor, postal_facility pf, machine m, machine_type mt  
where ad.run_sequence_nbr=eor.run_sequence_nbr
```

```
and pf.site_id=eor.site_id
```

```
and eor.mods_date>='01-jun-08'
```

```
and eor.mods_date<='01-jun-09'
```

```
and eor.machine_id=m.machine_id
```

```
and m.mach_type_code=mt.mach_type_code
```

```
and ad.run_time>0
```

```
and trunc(ad.mail_operation_nbr/1000)<>'750'
```

```
group by eor.site_id,substr(pf.site_name,1,32),substr(mt.mach_type_desc,1,14),  
       eor.mods_date, trunc(ad.mail_operation_nbr/1000)
```

```
order by substr(pf.site_name,1,32),substr(mt.mach_type_desc,1,14),  
       eor.mods_date, trunc(ad.mail_operation_nbr/1000);
```

Spool off

exit

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8. In response to POIR No. 2, question 2, the Postal Service provided LR-USPS-N2012-1/46, which contains a regression of facility square footage to operating costs.
- a. Please confirm that the regression results are divided by 365 for use as inputs in the LR-USPS-N2012-1/15 LogicNet Model. If not, please explain.
 - b. Please confirm that 320 facilities were included in the regression. If not, please explain.
 - c. Please explain how the decision to include and exclude facilities in the regression was made.
 - d. Please provide a regression of operating cost to square foot for all facilities included in the LogicNet model provided in USPS-N2012-1/15.
 - e. In USPS-N2012-1/15, most facilities use the results of the regression for its RT production costs (0.652, 0.545, or 0.367). Please provide the workpapers used to develop the RT production costs for each facility in USPS-N2012-1/15 that does not use the results of the regression.
 - f. Please explain how the midpoints for the linear cost slope of the polynomial function were chosen. Please specifically discuss the differences between the midpoint (e.g., 105,000 square feet for the 0-210,000 square feet group) and the mean and median of each group (e.g., mean of 83,585 and median of 69,295 for the 0-210,000 square feet group).
 - g. Please explain why the cost function regression was applied to groups of facilities, as opposed to individual facilities.

RESPONSE:

- a. Confirmed with a clarification. The slope of the regression equation evaluated at the midpoint for each group is divided by 365 to obtain the RT Production Cost for each unit (sqft).
- b. Not confirmed. 321 facilities were used in the regression analysis.
- c. Facilities that had complete financial information (Cost for Line 11 and 23 ops, Admin Cost, and Supply Cost) and a vetted facility square footage

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RESPONSE to QUESTION 8 (continued)

were included. Those that did not have complete financial information and vetted square footage were excluded.

- d. This cannot be done because data used to perform the regression do not exist for all facilities.
- e. Please see Library Reference USPS-N2012-1/46. Most of the calculations are in the Operational Cost per SF for Logicnet.xls workbook on the "Summary w new sqft" tab. The slope of the regression equation (Total Operation Cost = - 789116 + 256.4 Vetted Sq ft - 0.000087 Vetted Sq ft**2) is $256.4 - 0.00174 \cdot \text{Vetted Sq ft}$. Evaluated at 105,000, 330,000, and 725,000 results in values of 238.13, 198.98, and 130.25 respectively. To convert to RT Production Cost, the slope of each line is divided by 365, resulting in costs of 0.652, 0.545, and 0.357 respectively.
- f. In evaluating the incremental cost for each group (small, medium, and large), the slope at the midpoint was used because it is equally representative of the entire range for each group.
- g. The cost functions were developed and applied within the model so that the model could assign a different sized operation, with a different cost structure, to a facility and incorporate the resulting financial impact within the model.

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9. On February 23, 2012, the Postal Service announced the results of the AMP studies it has undertaken concurrently with the instant proposal. Please provide a copy of the AMP study for each of the 264 facilities studied for possible consolidation. See *<http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf>*.

RESPONSE:

Please see USPS Library References USPS-LR-N2012-1/73 and NP16.

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- 10.** Please refer to Library Reference "USPS-LR-N2012-1/50," "LR.50.xls", worksheet "Sheet 1." Please confirm that the "Required Need Based on an 8 hour interval" identified in row 39 should reflect the following three tours: (1) 0600-1359, (2) 1400-2159, and (3) 2200-0559. Please explain why the employment needs are based on the following three tours: (1) 0700-1459, (2) 1500-2259, and (3) 2300-0659.

RESPONSE:

The Postal Service confirms that the "Required Need Based on an 8 hour interval" identified in row 39 should reflect the three tours listed in the interrogatory. But the Postal Service does not confirm that the employment needs are based on the three tours listed in the last sentence of the interrogatory. The cited library reference does not identify traditional shifts. The Postal Service chose these particular timeframes and not the traditional shifts because the shifts were standardized to report volumes based on processing and delivery needs. In practice, employees are scheduled for a more varied series of shifts to cover each day.

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11. In response to POIR No. 1, question 7, the Postal Service filed LR-USPS-N2012-1/50, which contains employee workhours for Package, FSS, Flat, Letter, and Cancellation processing for the time period September 12, 2011 through September 30, 2011.
- a. Tab "pkg_final" contains data for 187 facilities.
 - i. How many facilities operated package processing equipment during the time period specified by the Preface to LR50?
 - ii. How were the specific 187 facilities used for this analysis determined?
 - iii. Please provide the workhours disaggregated for each of the 187 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.
 - b. Tab "fss_final" contains data for 46 facilities.
 - i. How many facilities operated FSS processing equipment during the time period specified by the Preface to LR50?
 - ii. How were the specific 46 facilities used for this analysis determined?
 - iii. Please provide the workhours disaggregated for each of the 46 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.
 - c. Tab "flt_final" contains data for 290 facilities.
 - i. How many facilities operated flat processing equipment during the time period specified by the Preface to LR50?
 - ii. How were the specific 290 facilities used for this analysis determined?
 - iii. Please provide the workhours disaggregated for each of the 290 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.
 - d. Tab "ltr_final" contains data for 345 facilities.
 - i. How many facilities operated letter processing equipment during the time period specified by the Preface to LR50?
 - ii. How were the specific 345 facilities used for this analysis determined?
 - iii. Please provide the disaggregated workhours for each of the 345 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.
 - e. Tab "can_final" contains data for 224 facilities.

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Question 11 (continued)

- i. How many facilities operated cancellation processing equipment during the time period specified by the Preface to LR50?
 - ii. How were the specific 224 facilities used for this analysis determined?
 - iii. Please provide the disaggregated workhours for each of the 224 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.
- f. The LR-USPS-N2012-1/50 preface states "The hourly data was then examined to determine the maximum number of employees required during these timeframes, by equipment group. This represents the number of employee assignments needed during the shifts as defined to support the required distribution."
- i. Please confirm that employees do not exclusively work in these five work areas. If not, please explain.
 - ii. For each facility for which data is provided in LR-USPS-N2012-1/50, please provide total workhours disaggregated by hour, for each day in the September 12, 2011 through September 30, 2011 time period.

RESPONSE

- a-e. i. The number of facilities that operated cancellation processing equipment during the time period specified in the Preface to USPS Library Reference USPS-LR-N2012-1/50 appears in the spreadsheets included as part of USPS-LR-N2012-1/50.
- ii. The facilities appearing in the spreadsheets reflect the sites that processed the particular volume during the time period selected.
- iii. The data requested regarding disaggregated workhours by hour is not available.
- f. i. Confirmed.
- ii. Please see the response to a-e.iii.

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12. Please explain how the prescribed number of annual workhours allocated to preventive, corrective, and operational maintenance will adjust as gaining facilities increase workload. Do the workhour reduction estimates provided to witness Smith include adjustments associated with increased workload for gaining facilities? Please explain.

RESPONSE:

Please see USPS Library References USPS-LR-N2012-1/28, 29, 30, 32, and 59.

The workhour reduction estimates provided to witness Smith account for changes in workload likely to result from the changes proposed in this docket.

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13. Please explain how the Proposed Operating Plan provided in USPS-T-4 on page 22 will impact maintenance operations.
- a. The Proposed Operating Plan indicates that letters will be processed from 8:00 a.m. until 4:00 a.m. Will there be sufficient time to conduct routine maintenance?
 - b. Is it likely that machines will require increased maintenance as a result of the increase in machine utilization? Please explain.
 - c. Please explain how your workpapers adjust for shortened maintenance windows.

RESPONSE:

Maintenance staffing estimates have been adjusted to support the proposed operating plan, as reflected in USPS Library Reference USPS-LR-N2012-1-31.

- a. Yes. Typically, maintenance windows are 4 hours or less.
- b. Yes. The increased maintenance is consistent with the guidelines described in USPS Library References USPS-LR-N2012-1/28, 29, 30, 32, and 59.
- c. Maintenance windows exceed the amount of time required to perform maintenance. The proposed staffing levels contained in USPS Library Reference USPS-LR-N2012-1/31 account for the shortened maintenance windows, and their effect on preventive, corrective, and operational maintenance.

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14. Please provide the average daily workhours allocated to preventive, corrective, and operation maintenance by machine. In addition, please explain how average daily workhours allocated to preventive, corrective, and operation maintenance by machine are likely to change as a result of the Network Rationalization Plan.

RESPONSE:

Please see the file "WHEP Staffing MMO_074_00.pdf" included in USPS Library Reference USPS-LR-N2012-1/32, and the file "Gaining_Other Site Staffing Criteria" included in USPS Library Reference USPS-LR-N2012-1/31.

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15. Please provide an estimate of the savings resulting from transitioning from calendar-based maintenance to condition-based maintenance. See USPS-T-5 at 4. In addition, please explain if the transition from calendar-based maintenance to condition-based maintenance is a result of the Mail Processing Network Rationalization Service Changes.

RESPONSE:

My testimony makes no statement regarding savings resulting from a transition from calendar-based maintenance to condition-based maintenance. The transition has already occurred, and is not a result of the changes proposed in this docket.

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16. Please provide the source for determining that sites are "New Network Authorized" in USPS-LR-N2012-1/33, Excel file eMARS_WHEP_Staffing Changes Final_AM_v5.xlsx.

RESPONSE:

It appears that this interrogatory concerns the file "eMARS_WHEP_Staffing Changes Final_AM_v5 REVISED.xls," which is included in USPS Library Reference USPS-LR-N2012-1/31. The identification of the "New Network Authorized" sites was made in accordance with the guidelines described in USPS Library References USPS-LR-N2012-1/31, 32, and 59.

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17. Please refer to USPS-LR-N2012-1/31, Excel file "FY11_Parts_Network Consolidation Analysis." Please provide a rationale and/or supporting calculations for the assumption that "Estimated % Mail Processing Equipment Removals as % of Total Fleet" equals 40 percent.

RESPONSE:

The file referenced in this interrogatory appears in USPS Library Reference

USPS-LR-N2012-1/33. Please see the response to PR/USPS-T5-4(a).

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5**

18. Please refer to the Response of the United States Postal Service Witness Martin to GCA/USPS-T6-2(b)(ii). In the response, witness Martin modified the "Plant to Plant Trips" spreadsheet filed under USPS-LR-N2012/11 to include a column identifying transportation category for each trip. Based on the information provided under the column "transportation category" in file "Attach.Resp.GCA.T6-2(b)(ii).xls", some of the trips are Intra-BMC and Inter-BMC transportation categories.
- a. Please confirm whether Intra-BMC and Inter-BMC transportation are in the scope of the plant-to-plant transportation.
 - b. If not confirmed, please discuss why such trips are incorporated in obtaining the potential percent reduction in plant-to-plant transportation capacity.

RESPONSE:

- (a) Confirmed.
- (b) N/A

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5**

19. On page 9 of her testimony, witness Martin (USPS-T-6) states that a subset of routes in the network was analyzed to determine which trips might no longer be required in a rationalized mail processing environment. The subset of routes and the corresponding trips are provided in LR-N2012-1/11, file "Transportation Spreadsheets LR.xls", worksheet "Plant to Plant Trips."
- a. Please confirm that this subset of routes represent a statistical sample of all plant-to-plant routes.
 - b. If confirmed, please explain the statistical sampling methodology used. If not, please discuss how the subset of plant-to-plant routes was selected for your analysis.

RESPONSE:

- (a) Not confirmed.
- (b) The subset consists of the routes over which I have administrative responsibility and was selected on that basis.

**INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5**

20. The response to POIR No. 4, question 9 states, "Business Management Guide (BMG) is no longer used by the Postal Service. When used for purposes of staffing and complement management, its utility did not meet functional requirements. BMG was not used for any purpose related to the Postal Service direct case in this docket."

- a. Do Postal Service plant managers routinely use a standardized complement planning tool? If so, please provide a copy of that tool.
- b. Did the Postal Service use any complement planning tool for any purpose in this docket? If so please provide a copy of that tool.

RESPONSE

- a. No.
- b. The Postal Service has presented full-up cost savings estimates in the testimonies of Dr. Bradley (USPS-T-9) and Marc Smith (USPS-T-10). In addition, assessments of why the Postal Service expects savings through complement realignment were included as part of the response to POIR 1 question 7. The cost savings estimates in USPS-T-9 and USPS-T-10 are based upon a consolidated network concept that has since been modified by the results of the various facility consolidation studies filed in Library References N2012-1/73 and NP-16. These studies, most of which were conducted using the AMP Guidelines in USPS Handbook PO-408, reflect facility-specific assessments of the impact of each of the planned consolidations on complement. No standard complement planning tool was used for any purpose in this docket. As part of implementation, complement planning is coordinated at the District and Area levels by committees including employees from Operations, Maintenance, Finance, and Labor Relations. The methods and programs used for complement planning vary by Area and District.

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- 21.** Please refer to USPS-T-9, Table 8. Please provide a source and/or supporting calculations for the Annual Volume Reduction in Outgoing Secondary (TPH).

RESPONSE:

The calculation of the reduction in the annual volumes of outgoing secondary of nearly 4 billion for letters and 204 million for flats (shown in Table 8) is discussed in the institutional response of the Postal Service to Question 22 of Presiding Officer's Information Request No. 1, filed on February 16, 2012, at page 16 (for USPS-LR-N2012-1/23) and pages 4-8 (for USPS-LR-N2012-1/38 and USPS-LR-N2012-1/NP5). The average daily volumes shown in USPS-LR-N2012-1/38 and USPS-LR-N2012-1/NP5 are multiplied by 302 days to get the annual volumes shown in my Table 8.

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- 22.** Please refer to USPS-T-9, Table 9. Please confirm that the additional costs associated with processing these pieces on the DBCS and AFSSM 1000 are included in your cost savings estimates. If not confirmed, please explain.

RESPONSE:

Confirmed. The labor savings per piece of 0.44 cents for CSBCS and 1.11 cents per piece for UFSM 1000 are the net savings as shown in USPS-LR-N2012-1/23 (see spreadsheet LR23 Tables.xls, tabs "Section Two," "YRscrub2010 N2012-1" and "USPS-FY-10_FCM .. N2012-1"). This is also discussed in the Postal Service's institutional response to Question 22 of Presiding Officer's Information Request No. 1, filed on February 16, 2012, at pages 19-20.

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- 23.** Please refer to USPS-T-9, Table 10, and USPS-LR-N2012-1/23. Please provide the source for the "Annual Volume Added to DPS". In addition, please explain if the volume is only First-Class Mail. If the volume contains other classes of mail, please explain why only First-Class Mail processing avoided costs estimates were used to calculate savings.

RESPONSE:

As indicated in the Postal Service's institutional response to Question 22 of Presiding Officer's Information Request No. 1, filed on February 16, 2012, at page 18, the estimates of Annual Volume Added to DPS was obtained from End of Run (EOR) volumes for August 2011 and multiplied by 12 to get an annual volume.

More specifically, for the 499 5-digit Zip Codes receiving "Manual" incoming secondary (and manual carrier casing), EOR volumes from all of the pertinent August 2011 incoming primary runs were summed to obtain a volume of 7,535,291. This is multiplied by 12 to get an annual volume of 90.4 million. For the 1583 5-digit Zip Codes receiving "Automated" incoming secondary (and manual carrier casing), EOR volumes from the all of the pertinent August 2011 incoming primary runs were summed to obtain a volume of 57,267,800. This is multiplied by 12 to get an annual volume of 687.2 million.

These volumes include all classes. As indicated in USPS-LR-N2012-1/23, the First-Class Mail avoided cost estimates were adjusted to remove premium pay associated with First-Class Mail and does not apply any premium pay factors. This is also discussed in the institutional response to Question 22 of Presiding Officer's Information Request No. 1, at pages 19-20.

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ELMORE-YALCH TO POIR No. 5, Q. 24

24. Please refer to Responses of United States Postal Service Witness Elmore-Yalch to NALC Interrogatories, Redirected from Witness Whiteman NALC/USPS-T12-13 filed January 31, 2012.

- a. Please provide a detailed explanation and illustrative calculations to show the derivation of the standard errors of the point estimates of percentage volume changes for the National, Premier, and Preferred accounts.
- b. The response to question 13 part (a) provides 95 percent confidence intervals for the point estimates of percentage volume changes. Please confirm that the predicted volume changes are not statistically different from zero for all groups but consumers.
- c. If confirmed, please discuss the accuracy and reliability of the revenue, cost, and net contribution calculations developed by witness Whiteman using the statistically insignificant volume predictions.

RESPONSE:

(a) When calculating the confidence intervals ORC International took into consideration the variance of the stated difference in mail volumes for each Postal Service product. This is appropriate as we re-stated original volume figures respondents had provided and asked them to state new volumes based on their original figures. Thus, the estimates are anchored to the initial volume estimates. We were able to apply the confidence intervals for the difference in volumes for individual products to estimate an upper and lower bound surrounding the projected change in volume. Using this information, we were able to estimate the upper and lower bound surrounding the estimated percentage change in volume. Please note that this latter is computed at the aggregate level. Attached electronically to this response is the Excel spreadsheet ("Attach.POIR5Q24_FCM Forecasts_w_CIs.xlsx") that contains all of the data and formulas used to compute these confidence intervals.

(b) Unable to confirm. The fact that the 95 percent confidence interval for a measure includes a value (in this case zero) does not in itself imply (as this

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question seems to) that the measure is “not statistically different” from that value. In order to determine with what confidence we can say the measure differs from the value (zero) we would need to determine the one-sided confidence interval it falls outside.

(c) As stated in response to part (b), one cannot pronounce the volume predictions “statistically insignificant” based on confidence intervals’ inclusion of zero alone. Further, even if a one-sided test failed to show that there was a difference from zero at the 95 percent level, it is still not correct to say that the results lack statistical significance. See Altman/Bland *BMJ*1995;311:485 – “Absence of Evidence is not Evidence of Absence”. Finally, as a common sense check on the logic this question pursues, if one were to conclude appropriately that the reported volume change was not different from zero at a statistically significant level, that would imply that the measured impact upon volume (hence revenue and contribution) of the proposed changes to First-Class Mail service standards would be none.