

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

ANNUAL COMPLIANCE REVIEW, 2020

Docket No. ACR2020

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-38 OF CHAIRMAN'S INFORMATION REQUEST NO. 1

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 1, issued on January 11, 2021. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

1. The following concerns Self Service Kiosks (SSKs).¹
- a. Please provide the total number of SSKs in operation at the end of FY 2020.
 - b. Please provide the number of SSKs that were in operation at the end of FY 2020 by postal area: Capital Metro Area, Eastern Area, Great Lakes Area, Northeast Area, Pacific Area, Southern Area, and Western Area.
 - c. Please describe any formal plan(s) for the addition or removal of SSKs during FY 2021.

RESPONSE:

a. and b.

Areas	# of SSKs as 9/30/2020
Capital Metro	323
Eastern	331
Great Lakes	310
Northeast	310
Pacific	501
Southern	503
Western	450
Grand Total	2728

c. The Postal Service is adopting a phased approach to relocate underutilized SSKs. It is also considering purchasing additional SSKs to increase retail access.

¹ SSKs were previously referred to as Automated Postal Centers (APCs).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN’S INFORMATION REQUEST NO. 1**

2. In Docket No. ACR2019, the Postal Service filed a “Retail Revenue by Channel” table in response to a Chairman’s Information Request (CHIR).² Please provide an updated table for FY 2020.

RESPONSE:

Channel	FY2020 Revenue	Share of Total	Change from FY2019
Post Office Revenue	\$10,272,109,168.00	79.70%	1.04%
Stamp Sales by Partners	\$898,068,718.00	7.00%	-7.30%
SSK/APC	\$343,509,280.00	2.70%	21.60%
Stamps by Mail/Phone/FAX	\$84,523,356.00	0.70%	15.90%
Contract Units	\$141,153,378.00	1.10%	3.64%
Click-n-Ship	\$529,006,818.00	4.10%	17.33%
Other	\$612,621,607.00	4.80%	3.17%
TOTAL RETAIL REVENUE	\$12,880,992,325.00	100.00%	1.65%

² Docket No. ACR2019, Responses of the United States Postal Service to Questions 1-7 of Chairman’s Information Request No. 1, question 2, January 16, 2020 (Docket No. ACR2019 Response to CHIR No. 1).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

3. Please provide the proportion of collection boxes for which the last mail pickup time is:
- a. Midnight to 11:59 a.m.
 - b. Noon to 2:59 p.m.
 - c. 3:00 to 4:59 p.m.
 - d. 5:00 p.m. to 6:59 p.m.
 - e. 7:00 p.m. to 11:59 p.m.
 - f. For each response in parts (a)-(e), please provide the proportions for Monday-Friday and Saturday-Sunday separately, if applicable.

RESPONSE:

Please note that in the Postal Service's Collection Point Management System, no collection points are scheduled for pickup on Sundays. Points are scheduled for collections on Monday-Friday, and on Saturday.

- a. M-F: 32 percent; Saturday: 47 percent
- b. M-F: 27 percent; Saturday: 37 percent
- c. M-F: 27 percent; Saturday: 13 percent
- d. M-F: 14 percent; Saturday: 3 percent
- e. M-F: 0 percent; Saturday: 0 percent

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

4. The following request relates to Village Post Offices (VPOs), Community Post Offices (CPOs), and Contract Postal Units (CPUs). Please provide definitions for VPOs, CPOs, and CPUs and explain the similarities and differences among them.

RESPONSE:

Contract Postal Units (CPUs) are stations and branches operated under contract by persons or entities (i.e., suppliers) other than postal employees; they are supplier-owned or supplier-leased facilities, and they provide postal services to the public at Postal Service prices. *CPOs (Community Post Offices)* are contract units that provide postal services in small communities, generally where an independent Post Office has been discontinued. CPOs usually bear their community's name and ZIP Code. *Village Post Offices (VPOs)* are supplier-owned or supplier-leased facilities similar to CPUs and CPOs, but offering limited services (e.g., Forever Stamps and Priority Mail Flat Rate packages). While a VPO may house P.O. Boxes, the Postal Service is still required to provide service to the P.O. Box holders.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

5. Please provide a table detailing the following information regarding VPOs:
- a. The number of VPOs in existence at the beginning of FY 2020.
 - b. The number of VPOs opened in FY 2020.
 - c. The number of VPOs closed in FY 2020.
 - d. The number of VPOs in existence at the end of FY 2020.
 - e. If the Postal Service's answer to part (a) is different from the Postal Service's end of FY 2019 number of 667,³ please reconcile any discrepancy.

RESPONSE:

- a. 542
- b. 4
- c. 104
- d. 442
- e. The Postal Service's end of FY 2019 number of 667, which appeared in this year's Annual Report to Congress, was provided by the Postal Service's Address Management System (AMS). The numbers in this response were provided by the Postal Service's Contact Post Unit Technology system (CPUT). AMS relies on field staff to identify, classify, and (where appropriate) deactivate CPUs, CPOs and VPOs. CPUT, on the other hand, records all contracts for CPUs, CPOs and VPOs; it is, moreover, updated to reflect the closing and opening of such contracts. The CPUT number is therefore more

³ Docket No. ACR2019 Response to CHIR No. 1, question 4(d).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

reliable than the AMS number, and in future Annual Compliance Reports, the Postal Service intends to use CPUT rather than AMS.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

6. Please provide a table detailing the following information regarding CPOs:
- a. The number of CPOs in existence at the beginning of FY 2020.
 - b. The number of CPOs opened in FY 2020.
 - c. The number of CPOs closed in FY 2020.
 - d. The number of CPOs in existence at the end of FY 2020.
 - e. If the Postal Service's answer to part (a) is different from the Postal Service's stated end of FY 2019 number of 449,⁴ please reconcile any discrepancy.

RESPONSE:

- a. 457
- b. 19
- c. 35
- d. 441
- e. The Postal Service's end of FY 2019 number of 449, which appeared in this year's Annual Report to Congress, was provided by the Postal Service's Address Management System (AMS). The numbers in this response were provided by the Postal Service's Contact Post Unit Technology system (CPUT). AMS relies on field staff to identify, classify, and (where appropriate) deactivate CPUs, CPOs and VPOs. CPUT, on the other hand, records all contracts for CPUs, CPOs and VPOs; it is, moreover, updated to reflect the closing and opening of such contracts. The CPUT number is therefore more

⁴ Docket No. ACR2019 Response to CHIR No. 1, question 5(d).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

reliable than the AMS number, and in future Annual Compliance Reports, the Postal Service intends to use CPUT rather than AMS.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

7. Please provide a table detailing the following information regarding CPUs:
- a. The number of CPUs in existence at the beginning of FY 2020.
 - b. The number of CPUs opened in FY 2020.
 - c. The number of CPUs closed in FY 2020.
 - d. The number of CPUs in existence at the end of FY 2020.
 - e. If the Postal Service's answer to part (a) is different from the Postal Service's stated end of FY 2019 number of 2,175,⁵ please reconcile any discrepancy.

RESPONSE:

- a. 2,034
- b. 62
- c. 182
- d. 1,914
- e. The Postal Service's end of FY 2019 number of 2,175, which appeared in this year's Annual Report to Congress, was provided by the Postal Service's Address Management System (AMS). The numbers in this response were provided by the Postal Service's Contact Post Unit Technology system (CPUT). AMS relies on field staff to identify, classify, and (where appropriate) deactivate CPUs, CPOs and VPOs. CPUT, on the other hand, records all contracts for CPUs, CPOs and VPOs; it is, moreover, updated to reflect the closing and opening of such contracts. The CPUT number is therefore more

⁵ Docket No. ACR2019 Response to CHIR No. 1, question 6(d).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

reliable than the AMS number, and in future Annual Compliance Reports, the Postal Service intends to use CPUT rather than AMS.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

8. Please fill in the table below in accordance with the Postal Service's records for FY 2018, FY 2019, and FY 2020. If the numbers provided in the table differ from those listed in the FY 2019 Annual Compliance Determination, FY 2020 ACR, Library Reference USPS-FY20-33, or the FY 2020 Annual Report to Congress, please reconcile any discrepancies among these sources.⁶

Facility Type	FY 2018	FY 2019	FY 2020
Post Offices			
Classified Stations & Branches and Carrier Annexes			
Total Postal-Managed			
Contract Postal Units			
Village Post Offices			
Community Post Offices			
Total Non-Postal-Managed			
Total Retail Facilities			

RESPONSE:

Facility Type	FY 2018	FY 2019	FY 2020
Post Offices	26,365	26,362	26,362
Classified Stations & Branches and Carrier Annexes	4,959	4,960	4,968
Total Postal-Managed	31,324	31,322	31,330
Contract Postal Units	2119	2034	1,914
Village Post Offices	626	542	450
Community Post Offices	476	457	443
Total Non-Postal-Managed	3,221	3,033	2,807
Total Retail Facilities	34,545	34,355	34,137

⁶ Docket No. ACR2019, Annual Compliance Determination Report Fiscal Year 2019, March 25, 2020, at 139 (FY 2019 ACD); FY 2020 ACR at 60; Library Reference USPS-FY20-33, December 29, 2020; see Library Reference USPS-FY20-17, December 29, 2020, United States Postal Service Fiscal Year 2020 Annual Report to Congress, at 26.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

The numbers provided in the Annual Reports to Congress since FY 2018 for CPUs, VPOs and CPOs were drawn from the Postal Service's Address Management System (AMS). The numbers for the contractual units in this response were provided by the Postal Service's Contact Post Unit Technology system (CPUT). AMS relies on field staff to identify, classify, and (where appropriate) deactivate CPUs, CPOs and VPOs. CPUT, on the other hand, records all contracts for CPUs, CPOs and VPOs; it is, moreover, updated to reflect the closing and opening of such contracts. The CPUT number is therefore more reliable than the AMS number, and in future Annual Compliance Reports, the Postal Service intends to use CPUT rather than AMS.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

9. The national and quarterly wait time in line increased between FY 2019 and FY 2020.⁷ Please explain the reasons for the increased wait time in line.

RESPONSE:

The national and quarterly wait time in line increased between FY 2019 and FY 2020; this is believed to be largely due to unforeseen circumstances as a result of COVID-19, resulting in longer than expected lines in the lobby due to social distancing and significantly reduced employee availability.

⁷ Compare FY 2019 ACD at 146 with Library Reference USPS-FY20-33, Excel file "WaitTimeInLineFY2020.xls" tabs "Nat'l Avg Wait Time FY20" and "Qrt Avg Wait Time National FY20."

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

10. Please refer to Library Reference USPS-FY20-4, December 29, 2020, Excel file "FY20 Special Services - - - PRC.xlsx" (Billing Determinants excel file); Library Reference USPS-FY20-42, December 29, 2020, Excel file "FY2020_RPWsummaryreport_public_ACR.xlsx" (RPW excel file); and the following table:

Special Services Product	RPW	Billing Determinants	Difference (RPW minus Billing Determinants)
Certified Mail	168,010,627	168,008,678	1,949
Collect on Delivery	292,199	292,198 ⁸	1
Delivery Confirmation/USPS Tracking	1,565,093,014	2,508,622	1,562,584,392
Insurance	16,824,937	16,824,940 ⁹	(3)
Registered Mail	1,152,360	1,152,357 ¹⁰	3
Post Office Box Service	5,584,963	5,690,638	(105,675)

The table above reflects multiple discrepancies between the Revenue, Pieces and Weight (RPW) volumes and the billing determinant volumes in the volume totals for the following Special Services products: Certified Mail, Collect on Delivery, Delivery Confirmation/USPS Tracking, Insurance, Registered Mail, and Post Office Box Service. Please reconcile these discrepancies.

RESPONSE:

Certified Mail: A difference of 1,947 is attributed to a portion of USPS Certified Mail Bundles with Restricted Delivery that is included in the Revenue, Pieces, and Weight Report under Certified Mail, rather than under U.S. Postal Service

⁸ This number can be calculated by taking the total of Billing Determinants excel file, tab "F-2 COD," cell G21, and adding the total for cell G26.

⁹ This number can be calculated by taking the total of Billing Determinants excel file, tab "F-3 Insurance," cell G64, and subtracting the total for cells G60 and G61 from it.

¹⁰ This number can be calculated by taking the total of Billing Determinants excel file, tab "F-6 Registered Mail," cell G37 and adding the total for cells G39, 41, and 43.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Mail – Ancillary Services. This volume is correctly omitted from the volume reported in tab “F-1 Certified Mail”, cell G10 of the Special Services Billing Determinants, as it is included in the USPS total in cell G12. The remaining difference in volume of two is due to rounding error.

Collect on Delivery: The immaterial difference of one unit between volume reported in the Revenue, Pieces, and Weight Report and the volume reported in the billing determinants is due to an error in the Billing Determinants in the Bulk Collect-On-Delivery category in Quarter 4.

Delivery Confirmation/USPS Tracking: The billing determinants report only the volume for which a fee is paid (the volume used with USPS Marketing Mail parcels). The RPW reports this volume as well as all of the volume that has USPS Tracking included in postage for the host piece. The difference between the volume reported in the Special Services Billing Determinants and the volume reported in the RPW is the volume of USPS Tracking for the products, such as Priority Mail, for which there is no tracking fee.

Insurance: The difference between the volume reported in the Revenue, Pieces, and Weight Report and the Billing Determinants is due to rounding error.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Registered Mail: The difference between the volume reported in the Revenue, Pieces, and Weight Report and the Billing Determinants is due to rounding error.

Post Office Box Service: The volume of 5,690,638 cited in the table above includes Caller Service and Reserve Numbers, which are separate from the Post Office Box Service volumes included in the Revenue, Pieces, and Weight Report. The total volume of Post Office Boxes reported in the Billing Determinants is 5,521,417, for a difference of 63,546. This discrepancy has to do with the difference in the way the number of Post Office Boxes is reported in the Billing Determinants and in the RPW. In the RPW, the number of Post Office Boxes is based on the number of paid boxes at the end of the Fiscal Year. For the Billing Determinants, the number of Post Office Boxes reported is the average of the number of boxes for the four quarters.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

11. Please refer to the discussion of Stamp Fulfillment Services (SFS) in the FY 2020 ACR, in which the Postal Service notes that cost coverage for SFS made “a marked improvement from past years” and attributed its increase in revenue “largely [to] a shift in consumer behavior in response to the ongoing pandemic.”¹¹
- a. Does the Postal Service consider any other factors besides the shift in consumer behavior resulting from the pandemic as a reason for the change in SFS? If so, what are they?
 - b. What volume of stamps need to be purchased to amount to the break-even point for SFS?
 - c. Does the Postal Service forecast continued cost coverage for SFS in light of the factors identified in response to part 2.a.?
 - d. Does the Postal Service forecast continued cost coverage for SFS when the current pandemic comes to an end?
 - e. With the marked improvements in revenue from last year, does the Postal Service intend to take measures to try to maintain the financial success of SFS? If so, what measures does it intend to take?

RESPONSE:

- a. Yes, the Postal Service does consider one other factor besides the shift of consumer behavior resulting from the pandemic, however this factor is also pandemic-related. Certain costs associated with call centers decreased because of a decline in call center volume, which was a component of the improved cost coverage. These decreases were the result of shifting call center activities to remote work as a result of the pandemic (See ACR at 53). Because Payment Card Industry (PCI) compliance cannot be established in this remote work environment, it was no longer possible for stamp orders to be processed via the call centers,

¹¹ FY 2020 ACR at 33.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

thereby reducing the costs associated with these orders. There may be a permanent behavioral shift to online ordering in future years as consumers continue to migrate to digital platforms.

- b. The Postal Service is not able to predict the number of orders needed to break even for Stamp Fulfillment Services, as costs change year to year.
- c. The course of the pandemic and the changes associated with it have been unpredictable, so it is not possible to forecast to what extent trends will continue through the pandemic and afterwards.
- d. See response to (c) above.
- e. Yes. The Postal Service intends to implement gradual price increases for the Stamp Fulfillment Services product.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

12. Please refer to the discussion of money orders in the FY 2020 ACR, in which the Postal Service explains that money orders “did not cover attributable costs in FY2020.”¹² In addition to any rate increase stemming from the Postal Service’s approved rate authority from Docket No. R2021-1,¹³ please describe any additional steps the Postal Service is intending to take to ensure that money orders cover attributable costs going forward.

RESPONSE:

As reported in the FY 2020 ACR, attributable costs for Money Orders exceeded revenues by \$3.7 M or five cents on a per transaction basis. This deficit is explained by both a decrease in revenue of \$9.7 M and an increase in costs of \$2.4 M during this period in FY 2020 compared to the previous fiscal year.

The decline in revenue in FY 2020 is largely explained by the decrease of \$7.9 M in imputed interest earned on money order float, which is recognized as Money Order revenue in the Public Cost and Revenue Analysis (PCRA, USPS-FY20-1) report. In FY 2020, debit card expenses per Money Order transaction increased five cents to 36.7 cents compared to the corresponding amount in FY 2019. Debit card expenses amounted to eighteen percent of the attributable costs for Money Orders in FY 2020. As mentioned in the ACR at 33-34, the

¹² See FY 2020 ACR at 33-34.

¹³ See Docket No. R2021-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 18, 2020 (Order No. 5757).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

increase in debit card expenses resulted from the increase in the face value amount of Money Orders purchased this fiscal year.

Debit card expenses are the result of variant interchange rates that come from a multitude of host networks. The Postal Service is aware of the impact of these costs to the organization and manages them to the degree possible, within the legal framework. For example, the Postal Service uses a dynamic routing system from its payment processor to route each transaction to the lowest cost network when possible, as permitted by the Durbin Amendment. However, debit card expenses are dynamic and are dependent on the specific debit cards used by customers. Debit card expenses are a material portion of the attributable costs for Money Orders. Hence, to the extent that these efforts by the Postal Service to reduce debit card costs are successful, then cost coverage will likely improve for Money Orders. Furthermore, as noted in the ACR at 34, the Postal Service increased the rate for Money Orders by 3.215 percent in Docket No. R2021-1.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

13. Please provide revenue, volume, weight, volume variable costs, and attributable costs data for the following 66 Competitive domestic NSA products, as filed for other Competitive domestic NSA products in Library Reference USPS-FY20-NP27, December 29, 2020. If the data are not available, please explain.

<u>MC Docket</u>	<u>CP Docket</u>	<u>Implementation Date</u>	<u>Termination Date</u>
MC2016-200	CP2016-284	10/29/2016	10/1/2019
MC2016-203	CP2016-292	10/6/2016	10/5/2019
MC2016-206	CP2016-295	10/8/2016	10/6/2019
MC2016-208	CP2016-297	11/9/2016	11/8/2019
MC2017-73	CP2017-100	1/11/2017	1/10/2020
MC2017-77	CP2017-104	2/1/2017	1/31/2020
MC2017-84	CP2017-113	2/16/2017	2/15/2020
MC2017-87	CP2017-116	2/16/2017	2/15/2020
MC2017-88	CP2017-117	2/16/2017	2/15/2020
MC2017-89	CP2017-118	2/6/2017	2/15/2020
MC2017-95	CP2017-135	3/30/2017	3/29/2020
MC2017-104	CP2017-151	4/7/2017	4/6/2020
MC2017-115	CP2017-166	4/27/2017	4/26/2020
MC2017-117	CP2017-168	4/27/2017	4/26/2020
MC2017-121	CP2017-172	5/3/2017	5/2/2020
MC2017-122	CP2017-173	5/6/2017	5/7/2020
MC2017-124	CP2017-176	5/11/2017	5/10/2020
MC2017-136	CP2017-194	6/2/2017	6/1/2020
MC2017-137	CP2017-195	6/2/2017	6/1/2020
MC2017-140	CP2017-199	6/15/2017	6/14/2020
MC2017-9	CP2017-24	11/5/2016	11/6/2019

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

MC2017-166	CP2017-246	8/16/2017	8/15/2020
MC2017-10	CP2017-25	11/5/2016	11/6/2019
MC2017-11	CP2017-26	11/5/2016	11/6/2019
MC2017-167	CP2017-260	8/19/2017	8/20/2020
MC2017-173	CP2017-274	8/31/2017	8/30/2020
MC2017-188	CP2017-289	9/19/2017	9/20/2020
MC2017-196	CP2017-297	9/23/2017	9/24/2020
MC2017-197	CP2017-298	9/23/2017	9/24/2020
MC2017-3	CP2017-3	10/19/2016	10/18/2019
MC2017-14	CP2017-30	11/17/2016	11/16/2019
MC2017-203	CP2017-310	9/28/2017	9/27/2020
MC2017-210	CP2017-318	10/7/2017	1/7/2021
MC2017-25	CP2017-45	12/7/2016	12/6/2019
MC2017-26	CP2017-51	12/15/2016	12/14/2019
MC2017-28	CP2017-53	12/15/2016	12/14/2019
MC2017-31	CP2017-56	12/16/2016	12/15/2019
MC2017-32	CP2017-57	12/16/2016	12/15/2019
MC2017-41	CP2017-66	12/24/2016	12/26/2019
MC2017-42	CP2017-67	12/24/2016	12/26/2019
MC2017-60	CP2017-88	1/6/2017	11/30/2019
MC2017-62	CP2017-90	1/6/2017	1/5/2020
MC2017-66	CP2017-94	1/7/2017	1/8/2020
MC2017-70	CP2017-98	1/8/2017	1/9/2020
MC2018-63	CP2018-103	12/31/2017	1/2/2021
MC2018-70	CP2018-110	1/4/2018	1/3/2021

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

MC2018-71	CP2018-111	1/6/2018	1/7/2021
MC2018-72	CP2018-112	1/5/2018	1/4/2021
MC2018-73	CP2018-113	1/5/2018	1/4/2021
MC2018-100	CP2018-142	1/13/2018	1/15/2021
MC2018-103	CP2018-145	1/13/2018	1/15/2021
MC2018-116	CP2018-158	1/19/2018	1/18/2021
MC2018-9	CP2018-16	10/27/2017	10/26/2020
MC2018-126	CP2018-172	3/8/2018	3/7/2021
MC2018-16	CP2018-32	11/5/2017	11/6/2020
MC2018-25	CP2018-51	12/1/2017	11/30/2020
MC2018-26	CP2018-52	12/1/2017	11/30/2020
MC2018-32	CP2018-62	12/7/2017	1/31/2021
MC2018-34	CP2018-64	12/9/2017	12/10/2020
MC2018-44	CP2018-74	12/17/2017	12/18/2020
MC2018-55	CP2018-91	12/28/2017	12/27/2020
MC2019-98	CP2019-106	3/28/2019	3/31/2022
MC2019-162	CP2019-182	7/25/2019	7/4/2020
MC2019-179	CP2019-201	8/14/2019	2/15/2020
MC2019-63	CP2019-68	1/5/2019	10/11/2019
MC2019-92	CP2019-98	3/23/2019	10/11/2019

RESPONSE:

Please see the attached Excel file, 'ChIR.1.Q13.Resp.xlsx.' As detailed in that file, these contracts fall in a few different categories. 43 of the 66 contracts were included in the group of contracts referenced in Question 4 of CHIR No. 4, Docket No.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

ACR2019 ("ACR2019 CHIR 4"). In response to that question, the Postal Service stated that no data were available because the contracts were terminated prior to FY2019. The data for nine others can be found in this docket in 'NSAswNoVolume_FY20.xlsx' ("ACR2020 No Volume"). The data for one other can be found in this docket in 'NSACostRevenueSummary_FY20.xlsx' ("ACR2020 With Data"). For the remaining 13 contracts, no data are available because the contracts were terminated prior to FY2020 ("Terminated Prior to FY2020").

Please note that 7 of those 13 contracts in the final category were included in the Postal Service's 90-Day ACD response in Docket No. ACR2019, filed June 23, 2020. For the remaining six contracts, they were either removed from the Mail Classification Schedule (MCS) or struck through in red text in the MCS, in the version of the MCS that was most recently available as of the date of Postal Service's June 23, 2020 filing.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

14. Please refer to the discussion in the FY 2020 ACR on Bound Printed Matter Parcels (BPMP) in which the Postal Service states that the cost coverage of Package Services declined “mostly due to [BPMP] cost coverage declining by 12.1 percentage points” and that this decline in turn was caused by “a significant increase in unit costs.”¹⁴ Does the Postal Service have any plans or initiatives to address the rising costs of BPMP? If so, please identify these plans or initiatives. If not, please explain.

RESPONSE:

The following discussion identifies the circumstances that explain why the observed cost increase in the unit cost for Bound Printed Matter Parcels (BPMP) should not be viewed as an occasion to search for new plans or initiatives in response. Between FY 2019 and FY 2020, unit costs for BPMP increased from \$1.038 to \$1.181 for a total change of \$0.144. A significant portion of this change can be attributed to three rulemaking dockets where costing methodology changes were approved by the Commission.

Docket No. RM2019-6 (Proposal One) revised the cost attribution procedures for city carriers on Special Purpose Routes (SPRs). The estimated impact on BPMP unit costs was an increase of \$0.024.¹⁵

Docket No. RM2020-1 (Proposal Nine) updated inputs into the analysis used for the allocation of facility-related costs to products. As a result of the

¹⁴ FY 2020 ACR at 30.

¹⁵ Docket No. RM2019-6, PRC-LR-RM2019-6-1, Excel file “Impact.FY2018.xlsx”

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Proposal Nine methodology, BPMP unit costs were estimated to increase by \$0.017.¹⁶

Docket No. RM2020-10 (Proposal Three) proposed a change in the In-Office Cost System (IOCS) methodology for sampling city carriers. Under the Proposal Three Methodology, BPMP unit costs were estimated to increase by \$0.100.¹⁷

As a result of these three costing methodology changes, BPMP unit costs were estimated to increase by \$0.142 in FY 2020. Thus, the bulk of the observed CRA increase in unit costs can be attributed to methodology changes rather than operational conditions. In addition, because postal operations are generally structured around shape, rather than around products within a particular shape, it is usually not feasible to plan for cost reductions specifically targeted at individual products.

¹⁶ Docket No. RM2020-1, USPS-LR-RM2020-1, Excel file "Prop.9.Facilities.PUBLIC.IMPACT.xlsx," tab "Table 2 Public"

¹⁷ Docket No. RM2020-10, Petition, Proposal Three at 15.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 15.** The Postal Service stated that it would complete the redesign of its surface network by the end of June 2020, including realigning transportation at its eleven existing Surface Transfer Centers (STCs) and opening two new STCs.¹⁸
- a. Please confirm that the redesign was completed during FY 2020. If not confirmed, please describe the status and expected timeframe to complete the redesign.
 - b. Please explain in detail how the redesign impacted on-time service performance results for Market Dominant products during FY 2020.
 - c. Please identify the metric(s) used and provide quantitative support for each impact identified in response to part b. of this question. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.

RESPONSE:

- a. Confirmed. The redesign was completed September 14, 2020.
- b. The principal planned benefit of the Surface Transfer Center (STC) redesign was reduction of trips and miles in the network. The redesign did not significantly impact on-time service performance results for Market Dominant products in FY 2020.
- c. The service performance results of Market Dominant products, for the month of September 2020 (i.e., the final month of FY 2020), were comparable to, or somewhat above, the prior two months, as shown in the next table.

¹⁸ See Docket No. ACR2019, Library Reference USPS-FY19-17, December 27, 2019, United States Postal Service FY 2019 Annual Report to Congress, at 23 (FY 2019 Annual Report); Docket No. ACR2019, Responses of the United States Postal Service to Questions 1-7 of Chairman's Information Request No. 10, February 11, 2020, question 6.b. (Response to CHIR No. 10).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

On-Time %	July 20	Aug 20	Sep 20
First-Class Composite	86.24	84.86	85.98
Marketing Mail - All	84.28	85.82	88.96
Periodicals - All	74.33	73.51	78.06

Source: IV Mail Product Trend

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 16.** The Postal Service states that its management will focus on “continued use of Network Operations Control Centers to perform real-time data analysis and communicate with plants on issues related to transportation.” FY 2020 ACR at 40.
- a. Please discuss how use of Network Operations Control Centers impacted on-time service performance results for Market Dominant products during FY 2020.
 - b. Please describe in detail how the Postal Service intends to use Network Operations Control Centers differently in FY 2021 compared to FY 2020.
 - c. Please explain how the Postal Service plans to monitor the efficacy of using Network Operations Control Centers during FY 2021 and identify the metric(s) that will be used.

RESPONSE:

- a. During FY 2020, the Network Operations Control Centers (NOCCs) utilized real time indicators to proactively address and mitigate deviation from the processing operations plan and network transportation plan.

Underperforming equipment, along with low throughput and high sweep-rejects, would put operating plans at risk. Other non-machine indicators were also reviewed nightly to identify root-cause performance issues and to avoid service impacts on Market Dominant products. Automated data dashboards were routinely utilized to review Run Plan Generators' (RPGs') overall hourly performance to plan. The NOCCs would address low throughput which would compromise a facility's ability to complete processing in time for scheduled transportation. Other dashboards and tools were also utilized to identify problematic issues that impacted a

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

facility's ability to clear processing timely. A few dashboards the NOCCs reviewed nightly include Build Anomaly, Performance to Plan, Surface Visibility, Freight House Analysis, Bypass Opportunity, Early Warning, Looping Parcel, Mailer Scanning Validation and Cremated Remains. The NOCCs also reviewed and prepared an hourly air assignment analysis to provide a predictive forecast of assigned volume versus prior operational dates. In turn, the analysis provided a risk assessment for USPS origins that could potentially exceed network capabilities.

Additionally, the NOCCs would proactively mitigate any network issues (weather, special events, etc.) and coordinate with each of the Area NOCCs to ensure successful implementation of the plan.

- b. In FY 2020, the structure for the NOCCs consisted of a Headquarters (HQ) NOCC and seven Area NOCCs. The NOCCs covered and supported a broad scope of activities in their effort to support field and plant operations. These activities focused on three main core functions, Transportation (Logistics), Processing, and Maintenance operations. The Postal Service plans to adjust NOCC operations in FY 2021, by effectively separating the NOCCs into two separate functional groups (Logistics and Processing/Maintenance). Separating the NOCCs into two independent functional groups will allow each NOCC to narrow their focus and support. The Logistical NOCC will focus and concentrate primarily on the Surface

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

and Air Transportation network, along with after-hour systems adjustments to support unplanned events, such as weather impacts and emergency situations. The Processing NOCC will direct their focus on Mail Processing and Plant Maintenance Operations to ensure that operating plans are achieved. The NOCCs will work independently from each other; however, they will continue to communicate issues that directly impact the other functional group.

- c. In an effort to improve the effectiveness and efficiency of the NOCCs, the Postal Service plans to further narrow the overall area of oversight and responsibility by dividing the NOCC into two Regional NOCCs (Eastern & Western). Additionally, the two Regional Logistic NOCCs will be strategically positioned within the Eastern and Western Regions to further direct their focus on a smaller area of operations. Each of the NOCCs will have direct managerial oversight, and will report up through their chains of command to the HQs Directors of Logistics and Mail Processing/Maintenance operations.

As it relates to a specific metric, the NOCCs will measure or benchmark their effectiveness based on their ability to support and further mitigate delays within mail processing operations and through the air and surface networks. The NOCCs will continue to deploy a proactive mitigation

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

strategy to prevent delays due to unplanned volume, capacities and/or
unplanned events.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

17. The following questions pertain to the Postal Service's plans to implement some or all of the following six initiatives related to optimizing service performance for flat-shaped mailpieces in FY 2021 "(1) right size flat sorting machine sets, (2) refine staffing, (3) establish capable operating plans, (4) appropriately extend and/or modify machines, (5) minimize unnecessary handling, and (6) fully leverage visibility tools."¹⁹
- a. Please confirm that each of these six initiatives was ongoing during FY 2020.
 - b. If part a. of this question is confirmed for any of the six initiatives, please discuss how each of these initiatives impacted on-time service performance results for Market Dominant products during FY 2020.
 - c. If part a. of this question is confirmed for any of the six initiatives, please also describe in detail how the Postal Service intends to implement these initiatives differently in FY 2021 compared to FY 2020 for Market Dominant products.
 - d. If part a. of this question is not confirmed for any of the six initiatives, please explain the reason each such initiative was not ongoing during FY 2020.
 - e. Please explain how the Postal Service plans to monitor the efficacy of these initiatives during FY 2021 and identify the metric(s) that will be used.

RESPONSE:

- a. Not confirmed. The initiatives identified above were established for FY 2021.
- b. Some parts of the initiatives as stated above were ongoing. For example, the Postal Service has been working to right size its fleet of flat sorting machines for several years due to diminishing flat volumes. The initiatives had limited benefit during FY 2020, as the unique circumstances surrounding the COVID-19

¹⁹ Library Reference USPS-FY20-29, December 29, 2020, file "FY20-29 Service Performance Report.pdf," at 23.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

pandemic impacted service performance and the process for implementing change.

- c. In FY 2021, the Headquarters (HQs) Letter and Flat Planning and Implementation group is intently focusing on strategically stabilizing and optimizing all letter and flat shape-based products. As long as the pandemic continues, however, Postal Service will continue to experience service challenges.
- d. The unique circumstances surrounding the COVID-19 pandemic impacted the process for implementing change.
- e. Members of the Letter and Flat Planning and Implementation group will monitor and track performance using the tools within the Informed Visibility (IV) application as applicable and develop other tracking tools as required. For example, once the unique operating plans have been nationally vetted and deployed, reporting standards will be adjusted to identify the variance to the individually planned achieved efficiencies versus the previous method of tracking the variance to one single national operating plan.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 18.** As part of its mitigation plan for service performance for flat-shaped mailpieces in FY 2021, the Postal Service states that the Flat Mailer Industry work team will continue to meet.²⁰
- a. Please discuss how the strategies developed by the Flat Mailer Industry work team impacted on-time service performance results during FY 2020.
 - b. Please discuss the impact that the strategies developed by the Flat Mailer Industry work team are expected to have on the FY 2021 on-time service performance results.
 - c. Please explain how the Postal Service plans to monitor the efficacy of strategies developed by the Flat Mailer Industry work team during FY 2021.

RESPONSE:

- a. The Flat Mail Industry work team is developing strategies focused on reducing cost and improving Flat Mail service. These strategies focus on both Postal and Mailer operations. During FY 2020, the team focused on developing the strategies. Limited pilots and testing were done to demonstrate impacts to service and cost.
- b. During FY 2021, the team is focused on performing pilots on several operational changes, both within the Postal Service and within the Mailer operations. These pilots are expected to remove handlings that can reduce cost and improve service.
- c. The Postal Service will track each strategy to determine if a particular pilot should be implemented nationally; each project has a manager who will help ensure it is being tracked.

²⁰ Library Reference USPS-FY20-29, file "FY20-29 Service Performance Report.pdf," at 23.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 19.** Please provide the national level percentages of First-Class Mail Single-Piece Letters/Postcards that were transported using air transit and ground transit. These results should be for Fiscal Quarters 1, 2, 3, 4, "mid-year," "second-half," and annually²¹ for FY 2020. Please present results for each service standard (2-Day versus 3-5-Day) separately.

RESPONSE:

Geography	Fiscal Year	Service Standard	Transportation Mode	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Mid-Year	Second-Half	Annual
Nation	2020	Two-Day	Air	0.58%	0.56%	0.57%	0.60%	0.57%	0.58%	0.58%
Nation	2020	Two-Day	Surface	99.42%	99.44%	99.43%	99.40%	99.43%	99.42%	99.42%
Nation	2020	Three-to-Five-Day	Air	35.79%	36.12%	35.77%	36.25%	35.93%	36.01%	35.97%
Nation	2020	Three-to-Five-Day	Surface	64.21%	63.88%	64.23%	63.75%	64.07%	63.99%	64.03%

²¹ Mid-year refers to the aggregation of the data for Quarters 1 and 2 of the applicable fiscal year. Second-half refers to the aggregation of the data for Quarters 3 and 4 of the applicable fiscal year. Annually refers to the aggregation of the data for all four fiscal quarters of the applicable fiscal year.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

20. Please refer to Library Reference USPS-FY20-29, Excel files "FY20 FCM Q1 SPFC PFCM Root Cause Point Impact Ranking by Quarter for Nation.xlsx" and "FY20 FCM Q1 SPFC PFCM Root Cause Point Impact Ranking by Quarter for Area.xlsx."
- a. Please confirm that these data refer to the amount (number of percentage points) by which on-time performance decreased due to each specific root cause of failure.
 - b. If part a. of this question is not confirmed, please explain.
 - c. Please provide definitions and the hierarchy for assignment and assessment for the full set of root causes for First-Class Mail, including each type of "Root Cause" appearing in these Excel files. In the response, please indicate if each root cause applies to letter-shaped, flat-shaped, single-piece, and/or presorted mailpieces.
 - d. Please explain how these data were calculated.
 - e. Please confirm that a root cause failure indicator is not assigned to a mailpiece that is delivered within its applicable service standard. If not confirmed, please explain.
 - f. Please confirm that no more than one root cause failure indicator is assigned per mailpiece. If not confirmed, please explain.

RESPONSE:

- a. Confirmed.
- b. Not applicable.
- c. Root cause definitions and the hierarchy for assignment and assessment are included in the file "FY20.ChIR.1.RootCauseDefintnsHierarchy.xlsx" that accompanies these responses. These root causes apply to both letters and flats.
- d. These data were calculated by taking total failed volume attributed to each root cause divided by total failed volume attributed to all root causes multiplied by failure rate $((\text{Failed Volume Attributed to Each Root Cause} / \text{Total Failed Volume Attributed to All Root Causes}) * (\text{Total Failed Volume} / \text{Total Volume})) * 100$.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

e. Confirmed.

f. Confirmed.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 21.** Please confirm that the Postal Service is unable to quantify the impact on FY 2020 service performance scores for First-Class Mail attributed to critically late trips (CLTs) or the air capacity gap.²² If not confirmed, please provide quantification(s) and an explanation of the calculation(s).

RESPONSE:

Confirmed.

²² See Docket No. ACR2019, Responses of the United States Postal Service to Questions 1-22 of Chairman's Information Request No. 3, January 21, 2020, question 6 (Docket No. ACR2019 Response to CHIR No. 3).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 22.** Please refer to Library Reference USPS-FY20-29, Excel file "FY20 Marketing Mail Root Cause.xlsx."
- a. Please confirm that these data refer to the amount (number of percentage points) by which on-time performance decreased due to each specific root cause of failure.
 - b. If part a. of this question is not confirmed, please explain.
 - c. Please provide definitions and the hierarchy for assignment and assessment for the full set of root causes for USPS Marketing Mail, including each type of "Root Cause" appearing in this Excel file.
 - d. Please identify which USPS Marketing Mail products are included in these data.
 - e. Please explain how these data were calculated.
 - f. Please confirm that a root cause failure indicator is not assigned to a mailpiece that is delivered within its applicable service standard. If not confirmed, please explain.
 - g. Please confirm that no more than one root cause failure indicator is assigned per mailpiece. If not confirmed, please explain.

RESPONSE:

- a. Confirmed.
- b. Not applicable.
- c. Root cause definitions and the hierarchy for assignment and assessment are included in the file "FY20.ChIR.1.RootCauseDefintnsHierarchy.xlsx" that accompanies these responses.
- d. All USPS Marketing Mail Letter and Flat products are included with the exception of Every Door Direct Mail (EDDM) and Saturation Mail.
- e. These data were calculated by taking total failed volume attributed to each root cause divided by total failed volume attributed to all root causes multiplied by

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

failure rate (((Failed Volume Attributed to Each Root Cause / Total Failed Volume
Attributed to All Root Causes) * (Total Failed Volume / Total Volume)) * 100).

f. Confirmed.

g. Confirmed.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 23.** For each End-to-End USPS Marketing Mail product with a 6-10-day service standard, please provide the volume and the percentage based on the total USPS Marketing Mail volume that is End-to-End and has a 6-10-day service standard for FY 2020.²³

RESPONSE:

USPS Marketing Mail Product	Measured Volume
High Density/Saturation Letters	69,919,296
High Density/Saturation Flats/Parcels	4,914,334
Carrier Route	28,049,789
Letters	2,483,448,166
Flats	351,543,177
Parcels	3,536,278
EDDM-Retail	0

USPS Marketing Mail Product	Percent of Total Measured Volume of the Product	Percent of Total Measured Marketing Mail
High Density/Saturation Letters	1.40%	0.16%
High Density/Saturation Flats/Parcels	0.12%	0.01%
Carrier Route	0.76%	0.06%
Letters	8.52%	5.60%
Flats	16.72%	0.79%
Parcels	18.44%	0.01%
EDDM-Retail	0.00%	0.00%

²³ See Docket No. ACR2019 Response to CHIR No. 3, question 10.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 24.** The following questions pertain to the top root causes for both Periodicals products not meeting service targets in FY 2020.
- a. Please identify the top root causes for both Periodicals products not meeting service targets in FY 2020.
 - b. Please confirm that the Postal Service is unable to quantify how the top root causes impacted FY 2020 service performance scores for Periodicals.²⁴ If not confirmed, please provide such quantification and explain how it was calculated.
 - c. Please explain what methods, metrics, and processes the Postal Service used to determine the top root causes for Periodicals products not meeting service targets in FY 2020. If a qualitative analysis was used to determine the top root causes, please explain the basis for this qualitative analysis.

RESPONSE:

- a. Data are not readily available to determine top root causes.
- b. Confirmed; data are not readily available.
- c. Not applicable.

²⁴ See Docket No. ACR2019 Response to CHIR No. 3, question 11.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 25.** The Postal Service states that “[t]he limited data available for measurement in FY 2020 resulted in maximum ranges of +/-6.6 percent for [the margin of error for] combined Bound Printed Matter (BPM) Flats for some districts in some quarters.”²⁵
- a. Please explain in detail all reason(s) that the data available for measurement in FY 2020 for BPM Flats was more limited than in prior fiscal years.
 - b. For each reason identified in response to part a. of this question (including any COVID-19-related reason), please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified reason, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified reason.

RESPONSE:

- a. Measured volume declined by 27.3 percent in FY20. Volume plays a major role in margin of error calculations. Since volume is lower, management is less confident in the scores which results in an increased margin of error.
- b. Caribbean is the only district that saw a large increase in Margin-of-Error (MOE) in FY20 compared to FY19, with an increase to 6.6 percent MOE from 3.1 percent in FY19. This increase corresponds to the decrease in measured volume for BPM Flats in the Caribbean district, with 3,033 pieces in FY20 compared to 8,394 in FY19. The only other district with a high MOE for FY20 was Alaska, which had a 3.3 percent MOE in FY20 compared to 2.9 percent in FY19. Measured volume for BPM Flats in this district decreased to 21,698 in FY20 compared to 89,479 in FY19.

²⁵ Library Reference USPS-FY20-29, file “FY20-29 Service Performance Report.pdf,” at 21.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Overall, district MOEs were only slightly higher in FY20 compared to FY19 with an average increase of ~0.2 percent across all districts. This increase corresponds to the decrease in national measured volume in FY20 to 52,507,728 pieces compared to 72,259,220 in FY19.²⁶

²⁶ The volume for a district or the nation includes both the mail pieces originating from and mail pieces destinating to the district/nation. Because the results shown are origin/destination combined results, each piece is counted twice. As a result, the national volumes shown are two times the actual number of measured pieces.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 26.** The following questions pertain to the top root causes for BPM Flats and Media Mail/Library Mail not meeting service targets in FY 2020.
- a. Please identify the top root causes for BPM Flats and Media Mail/Library Mail not meeting service targets in FY 2020.
 - b. Please confirm that the Postal Service is unable to quantify how the top root causes impacted FY 2020 service performance scores for BPM Flats and Media Mail/Library Mail.²⁷ If not confirmed, please provide such quantification and explain how it was calculated.
 - c. Please explain what methods, metrics, and processes the Postal Service used to determine the top root causes for BPM Flats and Media Mail/Library Mail not meeting service targets in FY 2020. If a qualitative analysis was used to determine the top root causes, please explain the basis for this qualitative analysis.

RESPONSE:

- a. Data are not readily available to determine top root causes.
- b. Confirmed; data are not readily available.
- c. Not applicable.

²⁷ See Docket No. ACR2019 Response to CHIR No. 3, question 14.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

27. Please provide the volume and percentage of BPM Flats and Media Mail/Library Mail that were manually processed in FY 2020.²⁸

RESPONSE:

The Postal Service does not track Bound Printed Matter flats and Media Mail/Library Mail volumes that are processed in manual operations. As stated in previous ACR dockets, the volume of flat-shaped mail pieces that weigh over 20 ounces are considered to be non-automation mail pieces according to DMM Section 201.6.2.2. The volume of flats weighing over 20 ounces can therefore be used as an approximation for the amount of flat-shaped mail that is processed manually for the Package Services mail class.

The FY 2020 Bound Printed Matter flats data corresponding to the data from last year found in the source cited in the footnote to the question can be found in USPS-FY20-45, file 'FY20.Rule.3050.50.Para.B.xlsx', tab 'Item b7-b', cells B40:I46. These data are also shown below:

	Volume		Proportion	
	Under 20 Ounces	Over 20 Ounces	Under 20 Ounces	Over 20 Ounces
Non-DDU Single Piece/Presort BPM Flats	35,525,452	53,506,170	39.9%	60.1%
DDU Single Piece/Presort BPM Flats	10,435	12,416	45.7%	54.3%
Carrier Route BPM Flats	14,156,467	107,992,974	11.6%	88.4%
Total	49,692,354	161,511,560	23.5%	76.5%

Media Mail/Library Mail flats data are not included in USPS-FY20-45 because this product does not meet the 80-percent flats threshold specified in Order No. 5086 (May 8, 2019). Flat-shaped mail pieces represent only 7.33

²⁸ See Docket No. ACR2019 Response to CHIR No. 3, question 16.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

percent of Media Mail/Library Mail, and 12.07 percent of these mail pieces weigh over 20 ounces.

Machinable Media Mail/Library Mail parcels are processed in mechanized operations that are performed on parcel sorting equipment. Mail pieces that are rejected by this equipment are processed in manual non-incoming secondary operations. In addition, non-machinable mail pieces are also processed in manual non-incoming secondary operations. All parcel-shaped mail pieces, regardless of the specific product, are sorted to the carrier route level in manual incoming secondary operations, unless the destinating facility is one of a handful of postal facilities that contain the automated delivery unit sorter (ADUS).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 28.** Please quantify the volume and percentage of BPM Flats that were advanced to day zero in FY 2020.²⁹

Processed on Day 0?	% of Measured Volume	Measured Volume
Y	13.48%	3,630,482
N	86.52%	23,296,298

²⁹ See Docket No. ACR2019 Response to CHIR No. 3, question 19.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 29.** As part of its plan to improve service performance for BPM Flats in FY 2020, the Postal Service stated that it would focus on “reduc[ing] the actual entry time (AET) of mailing to first automation scan, thereby reducing the WIP cycle time for machine compatible pieces.”³⁰
- a. Please explain how the Postal Service’s efforts to reduce WIP cycle time impacted on-time service performance for BPM Flats in FY 2020.
 - b. For each impact identified in response to part a. of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.

RESPONSE:

- a. The Postal Service works BPM Flats with other Marketing Mail Flats. In order to improve service performance, the Postal Service is working to reduce cycle time. Reducing cycle time, that is, the time from one event scan to the next event, should improve service performance. These efforts showed limited benefit during FY 2020; due to COVID-19, service performance was negatively impacted this fiscal year.
- b. No definitive correlation can be made between cycle time and service performance for this time period; the COVID-19 pandemic contributed to increases in cycle times.

³⁰ Docket No. ACR2019, Library Reference USPS-FY19-29, December 27, 2019, file “FY19-29 Service Performance Report.pdf,” at 25.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 30.** As part of its plan to improve service performance for Post Office Box Service in FY 2020, the Postal Service stated that it would leverage the results of the Lean Six Sigma projects to specifically include review of the P.O. Box Up time in FY 2020.³¹
- a. Please explain how the Postal Service's leveraging of these results impacted on-time service performance for Post Office Box Service in FY 2020.
 - b. For each impact identified in response to part a. of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.

RESPONSE:

- a. The Postal Service identified four Lean Six Sigma (LSS) projects that were formally inputted in the tracking system to address P.O. Box performance. Due to employee availability being significantly reduced by the COVID-19 pandemic and the social distancing guidelines that were in place, the Postal Service discontinued conducting these LSS projects.
- b. N/A.

³¹ Docket No. ACR2019, Library Reference USPS-FY19-29, file "FY19-29 Service Performance Report.pdf," at 31.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 31.** The Postal Service stated that it finished the new dashboard to display key Post Office Box Service metrics in FY 2020 Quarter 2.³²
- a. Please confirm that the Postal Service implemented this dashboard for nationwide field use by the end of FY 2020.³³ If confirmed, please identify the date this was implemented nationwide. If not confirmed, please identify the expected date of nationwide implementation and explain the reason for failure to complete the nationwide implementation by the end of FY 2020.
 - b. Please explain how the Postal Service's use of this dashboard impacted on-time service performance for Post Office Box Service in FY 2020.
 - c. For each impact identified in response to part b. of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.

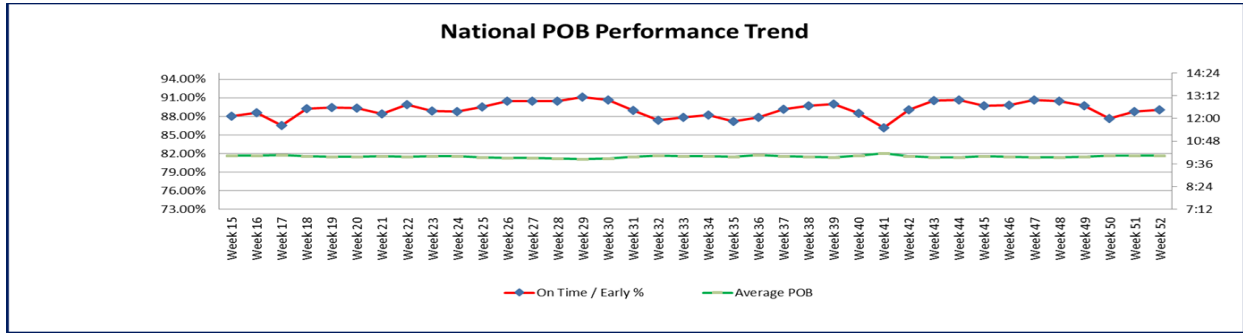
RESPONSE:

- a. The dashboard was completed and available for use in January 2020.
- b. The dashboard is a tool that can be used to identify opportunity locations that did not meet the P.O. Box up-time target, which in turn would improve on-time performance.
- c. Week 15 (Implementation) – Week 52 (End of Year): Performance was impacted by employee availability due to the COVID-19 pandemic. These up-time impacts are quantified in the following chart:

³² Library Reference USPS-FY20-29, file "FY20-29 Service Performance Report.pdf," at 28.

³³ Docket No. ACR2019, Library Reference USPS-FY19-29, file "FY19-29 Service Performance Report.pdf," at 31.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 1



**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 32.** As part of its plan to improve service performance for Post Office Box Service for FY 2020, the Postal Service stated that each unit updated its e1994 scheduling tool in Quarter 4 of FY 2019 (using Quarter 3 data) to align staffing with workload for customer service activities for FY 2020, including Post Office Box services.³⁴
- a. Please explain how the Postal Service's updating of this tool impacted on-time service performance for Post Office Box Service in FY 2020.
 - b. For each impact identified in response to part a. of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.

RESPONSE:

- a. The updated tool helped the Postal Service better to align its staffing to the workload.
- b. The updated scheduling tool should have contributed to improvement, but its specific impact is not known.

³⁴ Library Reference USPS-FY19-29, file "FY19-29 Service Performance Report.pdf," at 31.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 33.** As part of its plan to improve service performance for Post Office Box Service for FY 2021, the Postal Service stated that it updated its Integrated Operating Plans and e1994 scheduling tool in FY 2020 Quarter 4.³⁵
- a. Please explain how the Postal Service's updates made in FY 2020 Quarter 4 differ from the updates made in FY 2019 Quarter 4.³⁶
 - b. Please explain how the Postal Service's updates are expected to impact on-time service performance for Post Office Box Service in FY 2021.
 - c. For each impact identified in response to part b. of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.

RESPONSE:

- a. This is an annual process and did not differ from Quarter 4 FY2019 to Quarter 4 FY2020.
- b. The Integrated Operating Plan (IOP) process provides delivery operations and processing the opportunity to enhance mail arrival and availability to better align staffing to available workloads, which helps improve P.O. Box Up Times and service performance.
- c. The updated IOPs and scheduling tool should have contributed to improvement, but their specific impacts are not known.

³⁵ Library Reference USPS-FY20-29, file "FY20-29 Service Performance Report.pdf," at 28.

³⁶ Library Reference USPS-FY19-29, file "FY19-29 Service Performance Report.pdf," at 31; Library Reference USPS-FY20-29, file "FY20-29 Service Performance Report.pdf," at 28.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 34.** Please provide the percent of Market Dominant mail measured by Full-Service Intelligent Mail Barcode (IMb) in FY 2020 disaggregated by mail class (e.g., First-Class Mail, USPS Marketing Mail, Periodicals, and Package Services).³⁷ Please present results disaggregated by fiscal quarter and the total for the fiscal year.

RESPONSE:

Mail Class	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Fiscal Year
Presort First-Class Mail	74.22%	69.72%	72.83%	71.12%	71.88%
USPS Marketing Mail	81.75%	83.96%	79.60%	73.77%	80.00%
Periodicals	70.51%	72.95%	72.97%	70.85%	71.81%
Package Services	50.76%	48.40%	64.00%	29.50%	48.05%

³⁷ See Docket No. ACR2019 Response to CHIR No. 3, question 21.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

35. Please provide the information requested in the following table for FY 2020.³⁸

Product	Percentage of Mail in Measurement	Percentage of Mail entered at Full-Service IMb prices and included in measurement	Percentage of Mail Processed as Full-Service IMb, but excluded from measurement
First-Class Mail			
Presorted Letters/Postcards			
Flats			
USPS Marketing Mail			
High Density and Saturation Letters			
High Density and Saturation Flats/Parcels			
Carrier Route			
Letters			
Flats			
EDDM-Retail			
Parcels			
Total USPS Marketing Mail			
Periodicals			
In-County			
Outside County			
Package Services			

³⁸ See Docket No. ACR2019 Response to CHIR No. 3, question 22.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Bound Printed Matter Flats			
N/A = Not Applicable			
Not Available = The Postal Service does not have this information available.			

RESPONSE:

Product	Percentage of Mail in Measurement	Percentage of Mail entered at Full-Service IMb prices and included in measurement	Percentage of Mail Processed as Full-Service IMb, but excluded from measurement
First-Class Mail			
Presorted Letters/Postcards	65.05%	71.95%	28.05%
Flats	56.00%	66.50%	33.50%
USPS Marketing Mail			
High Density and Saturation Letters	76.70%	79.87%	20.13%
High Density and Saturation Flats/Parcels	38.82%	63.92%	36.08%
Carrier Route	72.78%	75.41%	24.59%
Letters	75.93%	81.83%	18.17%
Flats	65.73%	75.45%	24.55%
EDDM-Retail	60.57%	N/A	N/A
Parcels	52.22%	Not Available	Not Available
Total USPS Marketing Mail	69.09%	80.00%	20.00%
Periodicals			
In-County	9.83%	Not Available	Not Available
Outside County	61.03%	Not Available	Not Available
Package Services			

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Bound Printed Matter Flats	12.43%	48.05%	51.95%
N/A = Not Applicable			
Not Available = The Postal Service does not have this information available.			

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 36.** Please refer to Universal Postal Union (UPU) Congress proposals 20.29.1 and 20.30.1.³⁹ In the FY 2020 ACR, the Postal Service states that it “is mindful of the fact that additional work still needs to be done to raise the cost coverage of Inbound Letter Post letters and flats. The Postal Service expects further progress in this regard later in 2021, when the next UPU Congress is scheduled to convene to consider increases in the rates for letter and flat formats beginning in 2022. The Postal Service plans to actively pursue efforts to improve cost coverage on Inbound Letter Post letters and flats.” FY 2020 ACR at 9.
- a. Please explain in detail the steps the Postal Service has and will take to “actively pursue efforts to improve cost coverage [for] Inbound Letter Post” at the UPU Congress. *Id.*
 - b. Please provide estimated cost coverage, by country group and as a whole, for Inbound Letter Post product under the UPU Congress terminal dues proposals that are currently available (proposals for the years in which these new rates will be in effect (2022 to 2025)).
 - c. Please provide a detailed description of the methodology used to compute the estimated cost coverage in question b., including any assumptions the Postal Service used in its calculations (e.g., Special Drawing Right exchange rate, quality of service link penalties or bonuses included, volume estimates, cost estimates, etc.). Please also provide the financial workpapers used to estimate cost coverage.

RESPONSE:

Please see the response filed under seal as part of USPS-FY20-NP32.

³⁹ Docket No. IM2020-1, Notice of Filing of Proposals, March 26, 2020.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 37.** Please refer to Library Reference USPS-FY20-NP30, December 29, 2020, file "NONPUBLIC Preface USPS-FY20-NP30.pdf," at 7. Please confirm whether the forfeited revenue the Postal Service filed for FY 2020 includes forfeited revenue for format P/G (letters and flats) and format E (small packets/bulky letters) in postal quarter 1, and for format P/G in postal quarters 2-4. If not confirmed, please provide forfeited revenue for Inbound Letter Post accordingly, and indicate the amount of forfeited revenue in postal quarter 1 by shape.

RESPONSE:

Please see the response filed under seal as part of USPS-FY20-NP32.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

- 38.** Please refer to "USPS-FY20-NP2" file "Reports (Unified.xlsx), tab "A Pages (c)," cells D28, F28, and H28. Please provide FY 2020 quarterly revenue, volume variable cost, and product specific cost for the Inbound Letter Post Small Packets and Bulky Letters product, as well as quarterly forfeited revenue.

RESPONSE:

Please see the response filed under seal as part of USPS-FY20-NP32.