

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

FIRST-CLASS MAIL AND PERIODICALS
SERVICE STANDARDS CHANGES, 2021

DOCKET No. N2021-1

**MAILERS HUB RESPONSE TO
PRESIDING OFFICER'S RULING N2021-1/9**
May 20, 2021

Mailers Hub hereby respectfully responds to Presiding Officer's Ruling No. N2021-9, issued May 19, 2021. As directed therein, Mailers Hub has identified 25 questions of the 49 defined by the Presiding Officer. The selected questions are listed below, numbered as in the Presiding Officer's Ruling, and will be re-propounded to the Postal Service through separate filings as directed.

Respectfully submitted,

Respectfully submitted

/s/ Leo F. Raymond
Managing Director
Mailers Hub
Email: lraymond@mailershubs.com

MH/USPS-T-1

1. Please refer to your testimony in section I(A).
 - a. Please identify specific occasions, other than the pre-filing conference, when the Postal Service “conferred with industry representatives” specifically regarding the proposed service standard changes, as opposed to service issues generally.
 - b. Please identify the specific presentations to the Mailer Technical Advisory Committee that were specifically about the proposed service standard changes, as opposed to service issues generally.
2. Please refer to your testimony in section I(A).
 - a. Please confirm that the phrase “as we plan to implement services standards” indicates that the Postal Service intends to implement the proposed service standards notwithstanding the Advisory Opinion that will be issued by the Postal Regulatory Commission at the conclusion of this Docket.
3. Please refer to your testimony in section I(A)(1), *Discussion of Current Inability to Meet Existing Service Standards*.
 - a. Please confirm that service performance targets and scores shown for First-Class Mail are aggregated, i.e., they are composite averages of all First-Class Mail regardless of category or preparation, and the average of performance of all reporting units (e.g., areas and districts). If that cannot be confirmed please explain why.
 - b. Please confirm that, within the aggregated (composite) scores, some reporting units and/or processing facilities have shown relative consistency in achieving (or failing to achieve) the current service standards. If that cannot be confirmed, please explain why.
 - c. Please explain what analyses or studies the Postal Service made over the 2012-2020 period to identify underperforming facilities, deficient processes, management or staffing issues, and other factors contributing to the failure to achieve service performance under the current service standards, and what corrective measures were taken. If no analyses or studies were made, or no corrective actions were taken, please explain why not.

d. Please explain whether and how the management, staffing, processing, transportation, or other factors now impairing achievement of the current standards will be amended, other than by adding time, to enable achievement of the proposed service standards.

e. Please explain whether the Postal Service has evaluated only replacing the current three to-five day standard with separate standards for three, four, and five-day service, without other changes to two-day service or the processing and transportation networks. If that evaluation has been conducted, please provide the results or, if no evaluation was made, please explain why not.

4. Please refer to your testimony in section I(A)(2), *Potential Improvements in Service Capability and Improved Achievement of Service Standards*.

a. Please explain why the Postal Service's regulations do not account for transit time and whether this omission was deliberate. If not, please explain why "the Postal Service's regulations pertaining to the current three-day service standard for First-Class Mail" were adopted with this shortcoming.

b. Please confirm that "the Postal Service's regulations" for overnight and two-day service do account for transit time. If not confirmed, please explain why not.

c. Please explain whether the Postal Service has evaluated only revising the current three to-five day standard to account for transit time, and/or replacing it with separate standards for three, four, and five-day service, that do account for transit time, without other changes to two-day service or the processing and transportation networks. If that evaluation has been conducted, please provide the results or, if no evaluation was made, please explain why not.

5. Please refer to your testimony in section I(A)(2), *Potential Improvements in Service Capability and Improved Achievement of Service Standards*.

a. Please confirm that the "42 percent" figure represents the average for all vehicles ("5-ton" trucks, and all sizes of trailer) used for surface transportation, over all trip lengths, and movements by both HCR and PVS service. If not confirmed, please explain or clarify.

b. Please explain whether the "42 percent" figure refers to cubic capacity, maximum weight, or vehicle floor space.

c. Please detail the percent vehicle capacity utilization planned by the Postal Service and, if that utilization is less than 75 percent, why that lower utilization was planned.

d. Please explain the process used by the Postal Service to determine the vehicle to be used on a surface routing (e.g., “5-ton” vs 40-foot trailer vs 53-foot trailer).

* * *

8. Please refer to the footnote to your testimony on page 11.

a. Please explain the difference between “service standards” and “service performance targets.”

b. Please confirm that the Postal Service must seek an Advisory Opinion from the Postal Regulatory Commission if changing nationally-applicable “service standards” for First-Class Mail but can unilaterally adjust “service performance goals” for any mail.

9. Please refer to the footnote to your testimony on page 11.

a. Please explain the use of “expect to” rather than “will.”

b. Please explain the steps being taken by the Postal Service in preparation for “implementation of our proposed service standard changes,” other than adding transit time and adjusting modes of transportation, so that the 95 percent service performance target can be attained at “all times of the year.”

c. Please explain the steps the Postal Service will take if it is unable to achieve or maintain achievement of the “95 percent” performance goal it expects to set “upon implementation of our proposed service standard changes during all times of the year.”

* * *

11. Please refer to the statement in your testimony on page 18, lines 16 through 18, that “the Postal Service is incapable of meeting its service performance targets, and hence providing reliable and consistent service, under the current standards.”

a. Please confirm that, as shown in the data provided quarterly to the Postal Regulatory Commission, some facilities (or districts or areas) of the Postal Service have been able to meet current service performance targets.

b. Please explain the steps taken by the Postal Service to determine why some facilities (or districts or areas) have been able to meet current service performance targets; the information developed; the actions taken to apply those findings to enable other facilities (or districts or areas) to meet service performance targets; and the results of those actions. If no steps were taken for either purpose please explain why.

12. Please refer to the statement in your testimony on page 18, lines 16 through 18, that “the Postal Service is incapable of meeting its service performance targets, and hence providing reliable and consistent service, under the current standards.”

a. Please explain the causes, other than transit time and the use of air transportation, that contribute to the Postal Service’s failure to meet service performance targets, and how the proposed changes to service standards will ameliorate those causes so as to enable achievement of the revised standards.

b. Please explain the steps taken by the Postal Service to determine why it “is incapable of meeting its service performance targets”; the information developed; the corrective actions taken to improve its capability to meet service performance targets; and the results of those actions. If no steps were taken for either purpose please explain why.

c. Please explain the Postal Service’s criteria for “meeting” targets, and for judging service to be “reliable” and “consistent,” and the derivation of those criteria.

* * *

14. Please refer to the statement in your testimony on page 18, lines 23 through 25, that “Achieving this standard requires the Postal Service to employ substantial point-to-point two-day transportation for, at times, very low volume.”

a. Please explain the Postal Service’s normal processes for evaluating transportation utilization and how those are applied to situations of “very low volume.”

b. Please explain the Postal Service’s actions to minimize the occurrence of trips with “very low volume” and whether those actions were effective. If not, please explain any further actions that were taken, and their results; if none were taken, please explain why not.

c. Please explain why the capacity of contracted surface transportation vehicles cannot be adjusted to provide the flexibility to better align with volume.

15. Please refer to your testimony in section III(A), *Proposed Transportation Network Changes and Benefit*.

a. Please explain the Postal Service's criteria for determining the efficiency of transportation, particularly as each mode correlates to the level of service performance it enables.

b. Please confirm that the primary objective of the proposed service standard changes is to reduce Postal Service costs by maximizing the volume of mail that can be moved by surface transportation, and not to maintain or improve on the current levels of achievement of the current service standards for First-Class Mail.. If not confirmed, please explain why.

16. Please refer to your testimony in section III(A), *Proposed Transportation Network Changes and Benefit*.

a. Please explain the vehicle capacity (vehicle types and sizes) and their flexibility (i.e., option to select based on volume) that is assumed in evaluating the "efficiency" of proposed surface transportation.

b. Please confirm that your examples of "efficiency-increasing measures" noted on lines 16 through 19 imply multiple stops along a lane of surface transportation. If confirmed, please explain that statement as it compares to the transportation that is illustrated on page 11 labeled "Only 5 Steps for Future Middle Mile." If not confirmed, please explain why not.

* * *

18. Please refer to the statement in your testimony on page 28, lines 11 through 13, that "Early dispatches, which are frequently necessary to achieve current service standards, risk departing from origin points without all committed volumes, leading to operational plan failures and missed service standard targets."

a. Please explain why and how, in the stated scenario, approved operating plans would not align transportation and achievement of service standards or, conversely, how operating plans would be approved if they include the necessity for early dispatches, perhaps "without all committed volumes."

b. Please explain how correction of such misalignments cannot be achieved without changing service standards.

* * *

20. Please refer to your testimony on page 30, lines 15 through 17.

a. Please explain what currently inhibits the Postal Service from having “more flexibility to route mail more efficiently, and to maximize the use of space on each trip.”

* * *

22. Please refer to the statement in your testimony on page 30, line 25, and page 31, lines 1 through 3, that “In order to mitigate any harm from this change, the Postal Service will work to inform retail customers about the service changes, so that they can set appropriate expectations for delivery times.”

a. Please explain the “harm” to which the statement refers and how informing retail customers about the service changes will materially mitigate that “harm.”

b. Please explain how the Postal Service will mitigate “harm” to commercial customers.

c. Please explain the criteria the Postal Service used to determine that enabling customers to “set appropriate expectations for delivery times” will mitigate “harm” to those customers interests, and how that would offset dissatisfaction over slower service.

23. Please refer to the statement in your testimony on page 31, lines 16 and 17, that “business customers’ destination-entry presort mail will remain unaffected by the proposed service standard changes.”

a. Please confirm that there are no destination entry rates for First-Class Mail.

b. If confirmed, please clarify the statement that “destination-entry presort mail will remain unaffected by the proposed service standard changes,” particularly to define what the term “unaffected” means in your use of it in this statement.

c. Please explain how Presorted First-Class Mail will “remain unaffected” if the origin/destination pair represented by the facility where the mail is deposited and the facility serving the destination of the mail will be moved from a two-day service standard to a three-day service standard “by the proposed service standard changes.”

* * *

25. Please refer to your testimony in section V, *The Postal Service's Proposed Network Operations Changes Are Consistent With The Policies And Requirements Of Title 39, United States Code*.

a. Please explain whether the Postal Service considers First-Class Mail service performance to be a "driver of First-Class Mail revenue loss."

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27. Please refer to your testimony in section V, *The Postal Service's Proposed Network Operations Changes Are Consistent With The Policies And Requirements Of Title 39, United States Code*.

a. Please explain the bases for the Postal Service's conclusion that service standards should be aligned "with actual performance" rather than aligning operational performance to enable achievement of established service standards.

* * *

MH/USPS-T-2

1. Please refer to your testimony on page 8, lines 10 through 14.

a. Please explain the statement that the "service standard change will result in a restructuring of the Postal Service's transportation network," specifically to clarify whether the Postal Service's decision to transport more mail by surface necessitated revising service standards, or whether the revised service standards were developed first and, in turn, drove changes in the transportation network.

* * *

4. Please refer to your testimony on page 8, lines 10 through 14.

a. Please confirm that no zoned rates or destination entry discounts currently available based on mail entry or processing through the current NDC network will be changed because of the proposed service standard changes or related network adjustments.

b. In not confirmed, please explain the changes in zoned rates or destination entry discounts that will result from the proposed service standard changes and/or related network adjustments.

* * *

7. Please refer to Part II of Witness Hagenstein’s testimony and your testimony on Pages 11 through 13.
 - a. Please confirm that the calculated savings in surface transportation assumed:
 - i. all vehicles (trucks) would be the same size, with the same capacity;
 - ii. cube utilization would be 45.1% of the capacity of a 53-foot trailer;
 - iii. loads would consist solely of APCs with an average utilization of 75%; and
 - iv. no loads would be in other containers or bedloaded.
 - b. If those assumptions cannot be confirmed please explain what assumptions were used.

* * *

MH/USPS-T-3

1. Please refer to your testimony on page 3, lines 19 through 23, and on page 4, lines 1 through 9.
 - a. Please explain the criteria used by the Postal Service to determine whether transportation service will be provided by its own drivers (PVS) or by contract drivers (HCR).
 - b. Please explain why, if “On average, HCR transportation is less expensive than PVS,” HCR would not be the preferred choice for transportation service.

* * *

3. Please refer to your testimony on page 5, lines 1 and 2 and 21 through 23.
 - a. Please explain how it is determined that a truck is “routinely less than 60 percent full.”
 - b. Please confirm that such a level of utilization would be in accordance with planned utilization and, if so, how the 60 percent level was chosen. If that cannot be confirmed, please explain the load that is expected “routinely.”
 - c. Please explain the circumstances under which contracted transportation becomes “over and under-utilized.”
 - d. Please explain what steps are taken to monitor for, and to correct over- or under-utilization of vehicle capacity; to verify that such steps were effective; and to take further actions as necessary to prevent or minimize over- or under-utilization of vehicle capacity.

* * *

5. Please refer to your testimony on page 10, line 5.
 - a. Please explain why the assumption was made that “the average APC would be 75 percent full.”
 - b. Please explain why a higher figure was not selected in order to support the objective of taking “full advantage of the truck’s carrying capacity.”

* * *

8. Please refer to your testimony on page 15, lines 10 through 13. Please explain the assumptions regarding vehicle size and capacity.
 - a. Please explain whether smaller trucks (“5-tons”), or different size trailers (40-, 45-, 48-, or 50-foot) were used as variables or, if not, why not.
 - b. Please explain whether the model was used or allowed to determine whether smaller trucks could be used to provide direct service between origin/destination pairs instead of assigning the related volume to a larger vehicle on an indirect routing.
 - c. In order to provide “flexibility,” please explain whether the model allowed for the use of trucks of different sizes on a routing between an origin/destination pair, based on fluctuations in volume. If not, please explain why such “flexibility” would not be desirable.
 - d. Please explain why the “Maximum volume per 53-foot trailers was modeled as 1,575 cubic feet” if, according to a Guide to Truck Trailers (http://www.iccb.org/iccb/wpcontent/pdfs/adulted/t dl _bridge _curriculum/t dl _context _mat h/t dl _math _res ource _file/Truck _Trailer _Guide.pdf), the interior capacity of a 53-foot trailer is 3,489 cubic feet.
 - e. Please explain why the model assumed utilization of only 45.1% of the capacity of a 53- foot trailer.
 - f. Please confirm that the model assumed that all loads on all trucks would be in APCs, that no modeled loads were in other than APCs that were “75 percent full,” and that no modeled loads were bedloaded. If these cannot be confirmed, please explain the assumed loads.