

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
DOUGLAS F. CARLSON
(DFC/USPS-1-12,17)

The United States Postal Service hereby provides its responses to the following interrogatories of Douglas F. Carlson: DFC/USPS-1-12, filed on January 24, 2000. A response is also filed to DFC/USPS-17, which was filed with the same set, but misnumbered, and subsequently refiled as number 17.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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February 7, 2000

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-1. Please confirm that the Postal Service, in February 1988, eliminated Sunday collections and outgoing mail processing for First-Class Mail at post offices in most cities on most Sundays.

Response.

Confirmed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-2. Please provide the docket or proceeding number at the Postal Rate Commission associated with the Postal Service's request, under 39 U.S.C. § 3661(b), for an advisory opinion on the elimination of Sunday collections and outgoing mail processing at most post offices on Sunday.

RESPONSE:

No such proceeding was initiated. These actions occurred when the Postal Service was "on budget" for federal budget purposes, in the context of a legislative directive to reduce operating expenses as part of a broader-based federal budget deficit reduction program (Omnibus Budget Reconciliation Act of 1987, Public Law 100-203).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-3. Please provide an explanation of the Postal Service's current policy on Sunday collections and outgoing mail processing of First-Class Mail. Please include documents and directives.

Response.

The Postal Service policy is not to conduct Sunday collections or outgoing processing of First-Class Mail except during the holiday season or as a contingency for unusual circumstances. A copy of the 1988 memorandum establishing this policy is attached.



Attachment
Response to DFC/USPS-3
Page 1 of 4

THE DEPUTY POSTMASTER GENERAL
Washington, DC 20260-0050
January 22, 1988

MEMORANDUM FOR REGIONAL POSTMASTERS GENERAL

SUBJECT: Reduction of Window Operations and Elimination
of Sunday Collections and Outgoing Processing

As indicated in my memorandum of January 15, a group of Headquarters and Regional Representatives has been developing implementing instructions for a reduction of window operations and the elimination of Sunday collections and outgoing processing. These efforts have recently been completed and the resultant guidelines are attached.

As a practical matter, these instructions could not address every possible operating scenario that will be faced by our Field Managers. They do, however, spell out the intent of these strategies and address the key factors which have to be considered during implementation. Perhaps the most significant of these considerations are those pertaining to the Labor Relations issues associated with these initiatives. While we all recognize the impacts these changes will have on our employees, it is imperative that those impacts be minimized to the extent possible and that all applicable provisions of the National Agreements be strictly adhered to. Similarly, impacts on our customers can be lessened through a common sense approach to implementation. This is particularly true in the window services area where the implementing guidelines offer various alternatives which, if carefully chosen based upon local conditions, can minimize customer dissatisfaction.

In order to ensure capture of the savings associated with these two strategies, it is imperative that implementation occur without delay. Accordingly, it is expected that window service adjustments will be effective February 13, 1988 and elimination of Sunday collections and outgoing processing will be effective February 14, 1988. Each Region must ensure that all Field Managers are fully aware of the intent of these initiatives and that implementation is uniformly applied within the guidelines presented in the attached instructions. Any deviations or exclusions from these strategies must have the approval of the Regional Postmaster General.

Internal and external communications must be controlled to ensure correct and consistent information. The Marketing and Communications Department has disseminated a publicity plan to address these needs, as well as language for use in press releases and customer responses. Additional material will be forwarded as it is developed.

When allocations for these workhour reductions are finalized, you will be advised through the Department of the Controller. As noted in my January 15 memorandum, that Department and the Regional Directors of Finance have the responsibility for coordinating the tracking and monitoring of these programs.

In order to expedite receipt of these instructions by the field, I am, by copy of this memorandum, providing them to the Division General Managers/Postmasters.

Michael S. Coughlin

Attachment

cc: CPC Members
Div. GMs/PMs

SUNDAY COLLECTION
and
OUTGOING MAIL PROCESSING
GUIDELINES

In a further effort to reduce Postal Service costs as required by recent Congressional budget actions, Sunday collections and outgoing distribution operations are to be eliminated. These reductions must result in fully recoverable and identifiable cost savings. In implementing this program, the following guidelines must be observed:

- Sunday originating mail preparation and distribution operations are to be discontinued.
- Sunday collections are to be discontinued. (See second paragraph, next page.)
- Opening units (operations 110-129) and platform operations (210-239) should be minimally staffed to control inbound and transit volumes and to process Express Mail and Special Delivery.
- Transit operations will be maintained.
- Area Distribution Centers (ADCs) and State Distribution Centers (SDCs) will appropriately staff MMP and State Distribution Operations to ensure distribution and dispatch of those transit volumes.
- Express Mail and Special Delivery operations (processing and delivery) must continue without impact.
- Bulk Mail Centers (BMCs) and Auxiliary Service Facilities (ASFs) will continue to operate at present levels.
- AMF normal transfer functions will be maintained but distribution activities (if any) will be scaled back to incoming and transit volumes only.
- Drop shipments (newspapers) should be planned for and processed on the day of receipt.
- Transit parcel post and second-class mailings must continue to move normally.
- All transportation schedules should be reviewed for possible elimination or reduction.

- Operating plans should be reviewed and changes made as appropriate to accommodate this operating scenario and to ensure that Monday operations are appropriately staffed.
- Collection box decals must be altered to reflect revised collection operations. (Heavy volume collection boxes can be swept to eliminate overflow but volumes collected should not be cancelled on Sunday.)
- In implementing these guidelines, consideration must be given to minimizing the impact on our customers.
- Detached Mail Units (DMUs) and Bulk Mail Acceptance Units (BMAUs) operations shall continue without change.
- Callers who normally pick up mail on Sunday need to be accommodated.
- Locations that are now involved in the acceptance, distribution and delivery of Social Security, Retirement, and/or other types of Federal and State entitlement program checks must ensure that staff is available to process those volumes in order to meet the programmed delivery day.
- Implementation of these guidelines is effective February 14, 1988.

Questions regarding these instructions should be directed to the Office of your Regional Director, Operations Support.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-4. Please confirm that most customers do not have access to outgoing mail processing on most Sundays for First-Class Mail without travelling a significant distance (at least 50 miles) from their home. If you do not confirm, please explain.

Response.

Confirmed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-5. Please confirm that some customers have access to outgoing mail processing on most Sundays for First-Class Mail in their home town or by travelling a distance less than 50 miles from their home. If you do not confirm, please explain.

Response.

Not confirmed. See DFC/USPS-3.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-6.

- a. Please confirm that the Postal Service offers retail window services on Sundays in some cities that do not process outgoing First-Class Mail on most Sundays. If you do not confirm, please explain.
- b. For the retail window services describes in (a), does the Postal Service inform customers, either verbally or via signs, that their outgoing First-Class Mail will not be processed until Monday?

Response.

- a. Confirmed.
- b. Customers are generally informed via signs or verbally.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-7. Please confirm that, all else equal, customers would value having outgoing processing of First-Class Mail on Sundays more than they would value not having outgoing processing of First-Class Mail on Sundays.

Response.

It is quite possible that many customers are indifferent to the presence or absence of outgoing processing on Sundays, although we are not aware of any surveys on this question. Nonetheless, for those customers that do have a preference, all else equal, the preference would certainly seem more likely to be to value the presence of such processing, rather than its absence. Of course, all else is not equal and Sunday processing generally would increase costs without having any direct impact on service standards for First Class Mail.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DFC/USPS-8.

- a. Please provide a list of processing plants that regularly process outgoing First-Class mail on Sundays and the reasons why these plants process outgoing First-Class Mail on Sundays while most plants do not.
- b. Does the Postal Service consider the outgoing Sunday mail-processing at the plants listed in (a) to be an operating procedure that reduces Postal Service costs overall? Please explain. If so, might Sunday mail processing, if reinstated, reduce overall costs at other plants, too?
- c. For the plants listed in (a), please list all other processing plants that send their outgoing mail on Sundays to the plant that processes outgoing mail on Sundays.

Response.

- a. We are not aware of any plants that regularly process outgoing First Class collection mail on Sundays. However, to better serve the public, many plants process some outgoing missent, forwarded or returned-to-sender First Class Mail on Sundays. At large plants, such processing may be so frequent as to be construed as regular.
- b. No plants listed in a.
- c. No plants listed in a.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DFC/USPS-9.

- a. Please confirm that some processing plants do not process outgoing First-Class Mail on Saturdays and instead send their mail to another plant for processing. If you do not confirm, please explain.
- b. Please confirm that the arrangements described in (a) exist to reduce costs.
- c. In which year or years did the arrangements described in (a) begin to be implemented?
- d. Please confirm that the arrangements described in (a) were not commonly used when outgoing processing of First-Class Mail was eliminated at most processing plants on most Sundays. If you do not confirm, please explain.
- e. Has the Postal Service considered employing the model described in (a) to reinstate processing of outgoing First-Class Mail on Sundays at processing plants nationwide?

Response.

- a. Some processing plants send their Saturday outgoing First Class Mail to another plant to be processed on Saturday.
- b. Confirmed.
- c. About ten years ago.
- d. Confirmed.
- e. No.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DFC/USPS-10. Please confirm that customers who do not have local access to processing of outgoing First-Class Mail on most Sundays and who do not receive First-Class Mail that was deposited and processed on Sundays are, nevertheless, paying for this Sunday processing through their First -Class postage rates.

RESPONSE:

Since it would be impossible as a practical matter to administer a ratemaking scheme under which the rate charged for each piece of letter mail would be based on the totality of the unique cost characteristics of that letter, any realistic ratemaking system involves rate averaging, the inevitable consequence of which is payment by some mailers of rates based on a cost base which includes some costs incurred for operations not required to handle their mail, as suggested by your question. However, note that although Sunday mail processing of originating mail may occur occasionally (e.g., during the holidays, to reduce the strain on Monday processing), the Postal Service is unaware of any plants where it is done on a regular basis. Please see the responses to DFC/USPS-3 and 8. Therefore, the premise for your question is unclear.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DFC/USPS-11. Please explain why providing outgoing processing of First-Class Mail on Sundays in some regions but not in others does not discriminate against customers who do not live in the regions with Sunday processing and in favor of customers who do live in regions with Sunday processing.

RESPONSE:

Please see the responses to DFC/USPS-3 and 8, which suggest that the premise of this question is contrary to regular mail processing practices and policies. Moreover, even if some isolated exceptions to these practices and policies could be identified, they would have no bearing on a ratemaking process in which uniform First-Class letter rates are established which intentionally involve significant rate averaging. In maintaining a national network with service goals that cover wide ranges of geographical and other differences, it is impossible to treat all customers the same. Some customers will have to be at the beginning of a carrier's delivery route and receive their mail earlier in the day, and some customers will have to be at the end of the route, and receive their mail later in the day. Some customers will live near the collection box with the earliest "last scheduled" pickup, and some customers will live near the collection box with the latest "last scheduled" pickup. Some customers will live near a large airport and will obtain the advantage of good air transportation links, while others will live a great distance from any large airport and will not. Whether one considers these differences to be "discrimination," or to constitute a "lower value of service," is fundamentally irrelevant to the ratemaking process, which is incapable of either resolving these differences, or distinguishing between customers with rates that reflect each and every one of these differences.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DFC/USPS-12. Suppose two customers, one living in San Francisco and one living in an area served by a processing plant that regularly processes outgoing First-Class Mail on Sundays, place equal value on the ability to have outgoing First-Class Mail processed on Sundays if they deposit the mail at their local post office. Please confirm that the customer who lives in San Francisco receives a lower value from his First-Class Mail service than the customer who lives in the area served by a processing plant that regularly processes outgoing First-Class Mail on Sundays. If you do not confirm, please explain.

RESPONSE:

Please see the responses to DFC/USPS-3 and 8, which suggest that the premise of this question is contrary to regular mail processing practices. Also, please see the response to DFC/USPS-11.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-17. Please confirm that the costs of processing outgoing First-Class Mail on Sundays at the plants that regularly process outgoing mail on Sundays are attributed to First-Class Mail service. If you do not confirm, please explain.

RESPONSE:

Confirmed that the Postal Service's sampling systems allocate to First-Class Mail the estimated costs associated with processing First-Class Mail, including those incurred on Sundays. Please note the response to DFC/USPS-8, however, which states that the Postal Service is unaware of any plants that "regularly" process outgoing collection mail on Sundays.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



Eric P. Koetting

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February 7, 2000