

MARY ANNE GIBBONS
VICE PRESIDENT, GENERAL COUNSEL
LAW DEPARTMENT



C99-5

February 18, 2000

Ms. Margaret P. Crenshaw
Secretary
Postal Rate Commission
1333 H St., NW
Washington, DC 20268-0001

RECEIVED
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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Dear Ms. Crenshaw:

This replies to your January 24, 2000 letter to the Postmaster General regarding the administration by the Postal Service of five digit ZIP Codes. The ZIP Code system has long been and remains an integral part of Postal Service efforts to fulfill its statutory responsibility to provide an effective delivery system. This requires careful evaluation and judgment on the part of postal management to ensure that the finite set of numbers is assigned in the most beneficial manner possible and that any changes are consistent with the need to improve postal operations. It appears your letter was animated by Postal Rate Commission awareness, achieved via complaint proceedings, that non-postal uses of ZIP Codes create pressure upon the Postal Service to allocate them in furtherance of non-postal purposes. The letter also included ten questions, answers to which are provided in the enclosure.

Customers are becoming increasingly sensitive about ZIP Codes and mailing identities. As a result, the Postal Service sometimes sees media campaigns, organized community drives, political activism, and municipal resolutions passed that ask or seek to direct the Postal Service to modify the existing physical boundaries of ZIP Code delivery areas or to issue new ZIP Codes so that a development, community, municipality or other entity can thereby be identified uniquely. However, decisions to accommodate these desires, to the extent they conflict with postal operational needs, would be detrimental to the postal needs of the American public. Nevertheless, the Postal Service is amenable to adjustments of existing ZIP Code boundaries when such changes would not adversely affect postal operations; procedures have been established for these purposes.

Most recently in *Postal Bulletin 22015* (January 13, 2000), the Postal Service revised and republished its *Postal Operations Manual* regulations regarding authorization and assignment of ZIP Codes for the specific use of district address management offices in preparing ZIP Code request packages. These regulations are included and addressed in the enclosure, which responds fully to your concerns.

Sincerely,

A handwritten signature in cursive script that reads "Mary Anne Gibbons".

Mary Anne Gibbons

Enclosure

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260-1100
202-268-2952
FAX: 202-268-6981

RESPONSES TO POSTAL RATE COMMISSION INQUIRIES
REGARDING ZIP CODE CHANGE PROCESS

- 1) What is the frequency of ZIP Code changes (on a yearly basis for the last 5 years)?

Approximately 80 per year have occurred over each of the last five years.

- 2) What is the frequency of customer initiated ZIP Code change requests?

Customers initiate ZIP Code change requests locally, and no need for tracking them has been identified. We believe that many, if not most, are ultimately withdrawn by the requesters when better resolutions for their issues are identified. Thus, there is no way to know the frequency of customer initiated ZIP Code changes.

- 3) What are the associated acceptance/denial statistics for customer initiated ZIP Code change requests, and are records maintained on the reasons for denying such requests?

ZIP Code change requests can involve authorizations to use one of the unused, finite set of 10,000 five digit ZIP Codes, or changes in the boundaries of existing ZIP Code boundaries. See, e.g., PRC Order Dismissing Complaint, Docket No. C99-5, at 2, n. 1. The former can only be justified by the existence of an operational benefit, which must be identified by local postal officials. Since regulations affecting the latter recognize the importance of municipal identity -- which can carry with it operational benefit to the Postal Service -- the boundary change requests are sometimes characterized as customer initiated ZIP Code change requests. The only available statistics derive from the 118 customer appeals through the ZIP Code Boundary Review Process that have been completed since 1991.

# of Appeals	Outcome
1	Rejected (asked for something not available via process)
3	Remanded for local resolution (with agreement of proponent)
38	Accommodation offered contingent on survey results
18	Partial accommodation offered contingent on survey results
58	Denial upheld

RESPONSES TO POSTAL RATE COMMISSION INQUIRIES
REGARDING ZIP CODE CHANGE PROCESS

Page 2

- 4) How often is a local election on whether to change a ZIP Code incorporated into the Postal Service decision process?

The ZIP Code Boundary Review Process (a copy is appended) recognizes that community (interpreted as "municipal") identity is a concern to customers. Under the process, the Postal Service considers requests by incorporated municipalities to improve the fit between corporate boundaries and ZIP Code boundaries. See also, POM §§ 439.211 and 439.321-22. If the Postal Service determines that it can accommodate a given request for change without adversely affecting postal operations, it surveys customers to determine their preference. A simple majority one way or the other then controls whether the request is granted.

The ZIP Code Boundary Review Process is incorporated by reference into the *Postal Operations Manual* (POM): "Realignments that stem from external requests should be handled as outlined in the ZIP Code Boundary Review Process." POM § 439.321. (POM § 439, ZIP Code Authorization and Assignment, was most recently revised in *Postal Bulletin* 22015 (January 13, 2000); a complete copy is appended.)

- 5) How often is the result of a local election on whether to change a ZIP Code overridden by the Postal Service decision?

As explained in the previous response, postal regulations specify that no survey of customers is conducted unless it first determines that a request can be accommodated. To the extent that this question refers to elections or community referendums that occur outside of these procedures, the Postal Service has no data concerning "local elections". ZIP Code boundary changes are made in accordance with the procedures outlined above, rather than in response to such local elections. Moreover, if the Postal Service were to base ZIP Code decision on factors outside of postal operational needs, the Postal Service would be unable to fulfill its statutory responsibilities to provide an efficient delivery system.

- 6) Is there a documented policy on the decision process concerning ZIP Code change requests? If so, please provide it.
- 7) Are there internal Postal Service regulations establishing procedures for making ZIP Code changes? If so, please provide them.
- 8) Do local officials have the authority to make ZIP Code changes, and if so, provide any guidelines that pertain to the exercise of that authority.

The applicable POM regulations, which incorporate the ZIP Code Boundary Review Process, are appended. Of particular note are specific thresholds justifying splitting ZIP Codes, POM § 439.212; specific documentation requirements (*passim*); and the

RESPONSES TO POSTAL RATE COMMISSION INQUIRIES
REGARDING ZIP CODE CHANGE PROCESS

Page 3

decisions respective district, area and Headquarters officials are authorized to make, POM § 439.5.

- 9) Are statistical measurements used to evaluate the necessary "operational benefit" to the Postal Service, and if so, what are they?

The worksheets that accompany POM § 439 and the ZIP Code Boundary Review Process identify the information deemed necessary to inform any given decision.

- 10) What does the Postal Service perceive as major factors behind requests to change ZIP Codes?

Socioeconomic factors are at the root of almost all external requests. Identity issues can be seen as a growing cultural force that have communities clamoring to be unique, distinguishable, and somehow set apart from their neighbors. ZIP Codes are now 5-byte synopses of disposable income, educational level, recreational activities, property values, likely religious affiliation, preferred soda or beer, and every other conceivable bit of data that can be used by non-postal entities to distinguish among postal customers. Thus, manipulation of ZIP Codes can be a means of improving social status.

Notwithstanding these collateral uses of ZIP Codes, the Postal Service is charged with administering an efficient system of delivering mail; it developed the Zone Improvement Plan Code in furtherance of that mission. Increases in population and mail volume have made clear that the supply of ZIP Codes is far from infinite, so the Postal Service must accordingly exercise its management prerogative and statutory mandate to assure that its huge investment in ZIP Codes is not lost. The collateral use of ZIP Codes by individuals and businesses does not impact postal operations, and is therefore not objectionable to the Postal Service. However, the commercial or other non-postal concerns of these entities should not be a factor in postal operational decisions to the detriment of postal patrons.