

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION POSED DURING CROSS-EXAMINATION OF
DURING HEARINGS

The United States Postal Service hereby provides the response of witness
Mayes to a Question posed by Commissioner Goldway during cross-examination on
April 25, 2000.


The question is paraphrased and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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May 4, 2000

RESPONSE OF POSTAL SERVICE WITNESS MAYES TO QUESTIONS POSED DURING
ORAL CROSS EXAMINATION

Tr. 11/4608-4611. [By Commissioner Goldway] I would like to ask the witness to provide me with, specifically, the name of the person in the Department that's in charge, operationally, of these service standards, and to provide me with whatever the – and to provide the hearings and the participants with whatever simple explanation is available now. (Tr. 11/4609) [By Commissioner Goldway] Well, what I'd like to do is at least get a simple explanation of how those service standards are established for both First Class and Priority, and some explanation of the distinction between the two. (Tr. 11/4610) [By Chairman Gleiman] If there is some type of an operational manual that lays out how one goes about establishing service standards for different classes of mail and subclasses of mail service, then could you please provide a copy of that manual also? And if there is no such manual, could you please then perhaps provide us with some narrative that explains how the Postal Service goes about determining whether certain types of Priority Mail service or 1- 2-, or 3-day service, as well as service standards for other types of mail. (Tr. 11/4610-11)

Response:

The acting manager of Service Management Policies and Programs is Charles Gannon. It is my understanding that there is no operational manual that lays out how the service standards were originally developed, but the attached memorandum describes the policy for requesting a change to an existing service standard. I am informed that the existing service standards represent legacy commitments and reflect the service standards in existence prior to, and as adjusted by, Docket No. N89-1 except as changed through the process described in the attached memo or as a result of adjustments to new circumstances.

POLICY FOR REQUESTING A SERVICE STANDARD CHANGE

Manager
Service Management Policies and Programs
USPS Headquarters: Room 6801
475 L'Enfant Plaza SW
Washington, DC 20260-1603

POLICY PURPOSE

This policy sets forth the process to request a change to a service standard between an origin and destination pair for all classes of mail, except Express Mail. The service standards between origin and destination pairs will be maintained in the Service Standard Directory (SSD) within the Corporate Information System (CIS). The service standards in the Service Standard Directory will be used to support external and internal service performance measurement systems and postal publications.

DEFINITIONS

Service Standard

An expectation by the Postal Service to deliver a piece of mail to its intended destination within a prescribed number of days, after proper deposit by the customer.

Service Standard Directory

A CIS database which contains the service standards between origin and destination pairs for all classes of mail except Express Mail. The Service Standard Directory is updated on a quarterly basis and the service standards are used by internal and external postal service performance measurement systems.

GENERAL INFORMATION

Submissions requesting service standard changes of any type must include with the documentation the approval of the Vice President (or a direct-report designee Manager) of the Area responsible for the origination of the request.

Submissions must include written input, either positive or negative, from the Vice President (or a direct-report designee Manager) of any other Area(s) being impacted by the proposed changes in service standards. The concurrence of the other involved Area(s) does not mean automatic approval of request, nor does a dissenting opinion mean that the request will be automatically denied.

A poor service performance trend (either EXFC or ODIS), by itself, is not adequate justification to make changes to service standards. The frequently seen assumption that "moving overnight offices to 2-day standards may result in higher ODIS/EXFC performance scores," is probably accurate. However, making such a change under the guise of "improving service" or "levelling service," without other supporting documentation to operationally justify the change, is considered numerical manipulation and will not result in the approval of the requested change. The Office of Service Management Policies and

Programs is not adverse to implementing service standard changes, including downgrades, but they must be supported by adequate documentation showing specific support and justification for necessitating such a change, rather than just providing a record of poor overall service performance between 3-digit offices.

Originating First-Class Mail service standards have never differed among 3-digit ZIP Codes processed in the same origin plant, i.e., if 210-212 are all processed and cancelled in the same plant, then they have always had the same originating standards, since the mail is commingled during processing. Although it is technically possible to change the database structure to make such an exception, the only way this would be operationally feasible were if ZIP Code 212 was to be isolated and processed separately, then it would be possible for it to have service standards different from ZIP Codes 210 and 211. Destinating 3-digit ZIP Codes served by a single Processing Facility, however, have always been able to have different service standards from the same origin (as is sometimes the case with offices identified as ID cities), since the mail can be segregated, prior to delivery, at the destination Processing Facility.

Unless unusual circumstances exist, service standard changes will only be implemented concurrent with the beginning of a Postal Quarter. For this reason, requests and supporting documentation should be received in the Office of Service Management Policies and Programs at least seven weeks before the end of a Postal Quarter in order to be considered for the next change window.

In most cases, changes requested between origins and destinations involving either 2- or 3-day service standards should include consideration of the entire destination ADC service area.

SUBMISSION REQUIREMENTS

The Office of Service Management Policies and Programs will process proposals for service standard adjustments or realignments which:

- a) show that the existing standard displayed in the Service Standard Directory is an apparent error due to obvious conflicts with logistics and operational parameters or other existing standards.

or, if not falling into the category of (a) above, then provides all of the following:

- (b) explains how the change will help us meet the needs of the customer.
- (c) shows how such a change will improve customer satisfaction.
- (d) reflects the current NASS routings for the mail in question and provides the NASS routings planned to be used if the change is approved.
- (e) reflects all the projected volumes being impacted by the proposal using the most recent Fiscal Year (FY) Average Daily Volume (ADV) statistics available in ODIS (or uses the ADV data for the most recent 13 Accounting Periods).
- (f) clearly defines any labeling changes which might be required to support the change.
- (g) reflects Operating Plan and transportation connectivity, or lack thereof. If the request is for an upgrade, then documentation must be included which shows that service between those pairs proposed to be upgraded can successfully be achieved. If it is for a downgrade, then it must be shown that those pairs proposed for downgrade cannot be achieved at their current level of service standard.
- (h) includes a narrative explaining the rationale behind the request.

Since each request is judged on its own merits and standard reciprocity is no longer a factor in establishing or changing a service standard, there is no specific formula which needs to be included in the justification narrative. However, when preparing such a narrative, some of the issues which might appropriately be addressed are as follows:

- a) Does adequate transportation exist to support the current service standards? If not, is it feasible to establish such service in order to meet the standard?
- b) Is the proposed change consistent with the most current "Customer Needs" information that may be available in Product Management or Consumer Affairs?

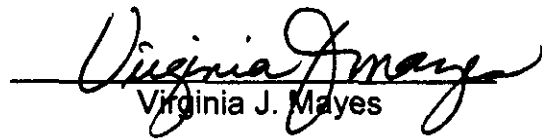
- c) Will the desired change have a positive impact on the Customer Satisfaction level of the public perception of our performance?
- d) Will the change potentially have a negative public relations impact or create a political inquiry?
- e) What general impact will the requested change have on Operating Plan CETs and CTs, transportation schedules, Delivery and Collection operations, DOVs, the transportation mode being used, the origin and destination processing windows for the mail class involved, Mail Processing operations, and on downstream Delivery operations.

APPEAL

Appeals regarding a service standard change request denial will be considered when submitted within 30 days of the denial notification. All appeals should be addressed directly to the Manager, Service Management Policies and Programs.

DECLARATION

I, Virginia J. Mayes, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


Virginia J. Mayes

Dated:

5-4-00

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.

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

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