

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

**Complaint on Sunday
and Holiday Collections**

Docket No. C2001-1

**DIRECT TESTIMONY
OF
DOUGLAS F. CARLSON
PART 1**

September 12, 2001

1 **I. SCOPE OF TESTIMONY**

2 Part 1 of my testimony discusses historical trends in processing of
3 outgoing First-Class Mail on holidays, the Postal Service's notice to the public of
4 holiday collection and mail processing services, customers' need for holiday
5 collection and mail processing, my own experiences with holiday mail services,
6 and a proposed solution to inconsistent holiday services and insufficient notice to
7 the public of holiday services.

8 Part 2 of my testimony will discuss problems with collection services on
9 the eves of some holidays. Part 2 also will discuss the extent to which holiday
10 collection times are posted on collection boxes that do not, in fact, provide
11 customers with outgoing mail processing on every holiday.

12 **II. BIOGRAPHICAL SKETCH**

13 I received a bachelor's degree in economics from the University of
14 California, Berkeley, in 1990 and a law degree from Boalt Hall School of Law at
15 UC Berkeley in 1994. I have been employed as assistant dean for academic
16 planning in the Division of Social Sciences at the University of California, Santa
17 Cruz, since 2000. Previously, I was employed at the University of California,
18 Berkeley, for six years. I live in Santa Cruz, California.

19 I provided testimony to the Postal Rate Commission on post-office-box
20 service in Docket No. MC96-3. In Docket No. R97-1, I provided testimony on the
21 rate and fee for stamped cards, problems with return-receipt service, and
22 problems with post-office-box service.

23 **III. HISTORICAL TRENDS OF HOLIDAY MAIL PROCESSING**

24 I believe that the Postal Service prior to 1988 consistently provided
25 collection and processing of outgoing First-Class Mail¹ from post offices in

¹ Although I may use various shorthand references, this testimony will be discussing collection and processing of outgoing First-Class Mail unless expressly stated otherwise.

1 California on all holidays except, perhaps, Christmas Day and New Year's Day.²
2 These services typically were provided regardless of whether holiday collection
3 times were posted on collection boxes. However, customers who deposited mail
4 at their post office on the holiday received holiday mail service.

5 In 1988, the Postal Service eliminated collection and processing of
6 outgoing First-Class Mail on Sundays. The Postal Service eliminated this service
7 without providing the public an opportunity to provide input, nor did the Postal
8 Service seek an advisory opinion from the Postal Rate Commission.

9 After the Postal Service eliminated collection and processing of outgoing
10 First-Class Mail on Sundays, I began to notice that postal customers no longer
11 could count on receiving holiday mail service. In fact, holiday service levels
12 became a sort of mystery.

13 Initially, I discovered by sending test mail to myself that the Postal Service
14 was failing to provide holiday collections and processing on some holidays. As
15 soon as my tests began to reveal the absence of mail processing on some
16 holidays in some areas, I realized that I no longer could expect to receive holiday
17 mail service. At the same time, however, I understood that I should not expect
18 *not* to receive holiday mail service, either. Depending on the holiday, the year,
19 the city, and other factors that never were clear to me, I knew that I may or may
20 not receive holiday mail service. I would never know for certain until after the
21 holiday — and usually only if I sent test mail to myself. Thus, even when the
22 Postal Service provided holiday collection and mail processing, I typically was
23 unable to take full advantage of the service because I was not aware in advance
24 of the holiday that my effort to prepare and deposit my mail would, in fact,
25 expedite the processing and delivery of my mail.

² I never succeeded in obtaining a machine cancellation on Christmas Day or New Year's Day. However, I do not know for certain that some processing facilities in California did not process outgoing mail on Christmas Day or New Year's Day. I never failed to obtain a holiday postmark from any facility in California on any holiday other than these two.

1 The Postal Service provided data in USPS-LR-2 showing holiday
2 cancellation volumes, expressed as a percentage of normal cancellation
3 volumes, for each plant on each holiday from 1992 to present. Using the data in
4 USPS-LR-2 as a source, I show in Appendix 1 a count of the number of facilities
5 that processed outgoing mail on each holiday from 1992 to present. The data
6 confirm a clearly identifiable decline in processing of outgoing mail on many
7 holidays. The Postal Service apparently does not dispute this trend. See
8 Response to DFC/USPS-54. In most instances, the number of plants that
9 process outgoing mail on these holidays has dropped sharply in the past two
10 years.

11 The trend is not surprising because, at least in 1999, the typical default
12 policy from Postal Service headquarters for holidays was not to process outgoing
13 mail. USPS-LR-1. In 2000, the decision was left to local officials based on mail
14 volume in the previous year — when the national policy was not to process
15 outgoing mail on most holidays. *Id.*

16 In an attempt to quantify the magnitude of the changes, for each holiday I
17 provide in Appendix 1 the difference between the number of plants that
18 processed outgoing mail in the most-recent year and the number of plants that
19 processed outgoing mail in the *peak* year from 1992 to present. Appendix 1 also
20 reports this decline from the peak year as a percentage of the peak-year total. In
21 addition, for each holiday Appendix 1 reports the difference between the number
22 of plants that processed outgoing mail in the most-recent year and the *average*
23 number of plants that processed outgoing mail from 1992 to present. Appendix 1
24 also reports this decline from the average as a percentage of the average.

25 The quantity of plants processing outgoing mail on holidays in the peak
26 year provides one useful benchmark from which to measure the recent decline in
27 mail-processing activities. The average number of plants processing outgoing
28 mail on holidays during the period from 1992 to present provides another useful
29 benchmark. Using the peak year as a benchmark, one can see the precipitous

1 drop in processing activities on many holidays. If the peak year is, for some
2 reason, not representative for a particular holiday, the average should provide an
3 accurate benchmark.

4 Both benchmarks show a sharp decline in processing activities on the
5 widely observed holidays of New Year's Day, Memorial Day, Independence Day,
6 Labor Day, Thanksgiving Day, and Christmas Day. For most of these holidays,
7 the drop in processing activities measured by either benchmark is over 60
8 percent.

9 For the non-widely observed holidays of Martin Luther King, Jr.'s Birthday,
10 Presidents Day,³ Columbus Day, and Veterans Day, the decline in processing
11 activities is less sharp but still quite significant.

12 Importantly, the data that the Postal Service provided date back only to
13 1992. As I have explained, the trend away from outgoing mail processing on
14 holidays began at least as early as 1988. Thus, data for the early years in
15 USPS-LR-2 probably already reflect the elimination of outgoing mail processing
16 on several holidays that began before 1992. I believe that the decline in outgoing
17 mail processing on holidays is much sharper than data in USPS-LR-2 and
18 Appendix 1 suggest.

19 The Postal Service acknowledges some errors in the data provided in
20 USPS-LR-2, as the volumes for some holidays are too high. I have not,
21 however, identified a bias in these data toward or against particular years.
22 Therefore, I have accepted all the data as accurate and used these data to count
23 the number of plants that processed outgoing mail on each holiday in each year.
24 While the count reported for each holiday in each year probably is not exact, the
25 data appear to confirm the downward trend in outgoing mail processing on
26 holidays in recent years. In addition, as explained previously, I believe that a

³ This testimony will refer to the third Monday in February as Presidents Day, even though the official federal holiday is still called Washington's Birthday. 5 U.S.C. § 6103.

1 significant portion of the downward trend occurred prior to 1992. Therefore, the
2 supposed baseline of 1992 already is post-curtailment at many plants.

3 Consolidation plans are another important component to a full
4 understanding of holiday processing operations. In an effort to provide
5 customers with holiday mail service while operating with greater efficiency, the
6 Postal Service sometimes consolidates mail from one or more plants into another
7 plant in the area. For example, before eliminating outgoing mail service
8 altogether on Memorial Day, Independence Day, and Labor Day in the mid-
9 1990's, the San Jose P&DC and, perhaps, the Salinas P&DF, sent outgoing
10 First-Class Mail from their service areas to the San Francisco P&DC for
11 processing. Consolidation plans do not appear to undermine the trend analysis
12 in Appendix 1 because I am unaware of any reason to believe that the
13 prevalence of consolidation plans wavered markedly from 1992 to present. The
14 trend that Appendix 1 demonstrates is still valid.

15 In USPS-LR-6, the Postal Service provided detailed information on
16 consolidation plans. Using this information, I counted the number of facilities in
17 each Area that neither processed outgoing mail on holidays nor forwarded the
18 mail to another plant for processing under a consolidation plan.⁴ This count is
19 significant because customers living in the service area of a plant that neither
20 processed outgoing mail on a holiday nor forwarded the mail to another plant for
21 processing were unable to send outgoing mail on that holiday.

⁴ In conducting this analysis, for each holiday, I identified all plants that did not process outgoing mail in either of the most-recent two years *and* did not forward the mail to another plant for processing under a consolidation plan. This step identified those service areas where customers had no access to outgoing mail processing. Next, for each plant and for each holiday, I calculated the average volume that that plant processed from 1992 to present in years when it did process mail. Finally, for each holiday, I averaged the historical average volume for each plant.

In performing this analysis, I observed that some volumes obviously were too high to constitute the actual cancellation volume for that plant on that holiday. When I concluded that the plant probably did not process the reported volume, I excluded that volume figure from the average. Although the averages that result are not precise, they should be fairly close to the actual volumes processed on holidays.

I excluded Airport Mail Centers, Airport Mail Facilities, Incoming Mail Facilities, and the Chicago Metro Surface Hub because these facilities do not cancel outgoing First-Class Mail.

1 Appendix 2 provides the results of my analysis. For the widely observed
2 holidays in the most-recent year, the percentage of plants nationwide that did *not*
3 process outgoing mail on each holiday or forward their mail to another plant for
4 processing is:

Holiday	% Not Processing
New Year's Day	93%
Memorial Day	88%
Independence Day	89%
Labor Day	82%
Thanksgiving Day	93%
Christmas Day	97%

12 For the non-widely observed holidays, the percentage of plants nationwide that
13 did *not* process outgoing mail on each holiday or forward their mail to another
14 plant for processing is:

Holiday	% Not Processing
MLK's Birthday	25%
Presidents Day	26%
Columbus Day	27%
Veterans Day	54%

20 Veterans Day in 2000 fell on a Saturday. Even though declining to process
21 outgoing mail on a Saturday holiday causes customers not to have access to
22 outgoing mail service for two full days, the Saturday holiday may have led a
23 greater number of plants not to process mail on Veterans Day in 2000 than they
24 would when Veterans Day falls on a weekday. For comparison, in 1999, 20
25 percent of plants did not process outgoing mail on Veterans Day or forward their
26 mail to another plant for processing.

27 As I explain in more detail in section V, *infra*, plants that do not process
28 mail on non-widely observed holidays that fall on Monday are stranding
29 approximately 40 percent of their normal volume. On Veterans Day, a floating

1 holiday, these plants are stranding approximately 32 percent of their normal
2 volume.

3 Particularly interesting is the variation in processing activities by Area.
4 Appendix 2 analyzes the prevalence of holiday mail processing by Area.⁵ In
5 many instances, the level of holiday mail service that a customer receives
6 depends primarily on where he lives. The distinction is not urban versus rural.
7 Rather, the distinction depends on the Area.

8 For example, on MLK's Birthday in 2001, customers living in the New York
9 Metro Area by far had the worst chance of receiving outgoing mail service, as 64
10 percent of the plants did not process outgoing mail or forward the mail to another
11 plant for processing. Population density is high in the New York Metro Area,
12 which includes New York City, Long Island, Westchester County, the Northern
13 New Jersey District, and the Central New Jersey District. The Southeast Area
14 was not far behind at 50 percent. In contrast, in the Capital Metro Area, all plants
15 processed outgoing mail or forwarded their mail to another plant on MLK's
16 Birthday in 2001.

17 On Presidents Day in 2001, all plants in the Capital Metro Area and
18 Midwest Area processed outgoing mail or forwarded their mail to another plant,
19 while 59 percent of the plants in the New York Metro Area were idle and did not
20 forward their mail to another plant.

21 On Columbus Day in 2000, all plants in the Midwest Area processed
22 outgoing mail or forwarded their mail to another plant, while 59 percent of the
23 plants in the New York Metro Area and 56 percent of the plants in the Mid-
24 Atlantic Area did not process outgoing mail or forward their mail to another plant.

⁵ The Postal Service recently announced a reorganization that will eliminate two Areas. This testimony will discuss the old Areas since the data also reflect the old organization.

1 On Veterans Day in 2000, all the plants in the Pacific Area apparently
2 were idle, while 34 out of 35 plants in the Midwest Area processed outgoing mail
3 or forwarded their mail to another plant. See also Response to DFC/USPS-76.

4 For widely observed holidays in the most-recent two years reported, the
5 spread by Area in the prevalence of mail processing on holidays is smaller.
6 Nonetheless, the Midwest Area is an attractive place to live on widely observed
7 holidays.

8 Appendix 2 also reveals that the number of plants in each Area that did
9 not process outgoing mail usually changes from year to year for each holiday.
10 For example, on Presidents Day in 2000, 8 of the plants in the Mid-Atlantic Area
11 did not process outgoing mail. On Presidents Day in 2001, 12 of the plants in the
12 Mid-Atlantic Area did not process outgoing mail. Thus, not only does the
13 prevalence of mail processing on holidays vary substantially from Area to Area,
14 but processing activities are inconsistent within each Area from year to year.

15 In fact, within each Area, processing activities on non-widely observed
16 holidays vary from holiday to holiday. For example, in the Southeast Area in
17 2000, 10 plants did not process outgoing mail on MLK's Birthday, 9 plants did not
18 process outgoing mail on Presidents Day in 2000, 15 plants did not process
19 outgoing mail on Columbus Day, and 29 plants did not process outgoing mail on
20 Veterans Day. Once again, these figures take into account consolidation plans,
21 so customers living in the service areas of these plants received no holiday mail
22 service.

23 Reviewing the inconsistency in holiday processing activities from a
24 national perspective potentially could obscure an important point. Seemingly
25 small variations in aggregate data on plant processing activities nevertheless
26 affect millions of people. A single processing plant typically serves hundreds of
27 thousands of customers, if not millions, so a variation of even a few plants may
28 affect millions of customers. Practically every postal customer, on some holiday
29 in some year, is going to fall victim to the inconsistency and uncertainty.

1 Aggregate data can obscure wider variations as well. In the Southeast
2 Area, the variation in processing activities between MLK's Birthday in 2000 and
3 Presidents Day in 2000 may appear small — 10 plants versus 9 plants, an
4 apparent variation of one. However, in reality, these figures reflect a variation of
5 *three* plants. Customers in the service areas of the Orlando P&DC and Mid-
6 Florida P&DC received outgoing mail service on Presidents Day but not MLK's
7 Birthday, while customers in the service area of the Macon P&DC in Georgia
8 received outgoing mail service on MLK's Birthday but not Presidents Day.

9 Indeed, the inconsistency exists within at least one city. Postal customers
10 living in Queens, New York, typically receive outgoing mail service on non-widely
11 observed holidays, while their neighbors in Brooklyn and Staten Island do not.
12 Manhattan and Bronx were better places to be than Brooklyn and Staten Island
13 on Columbus Day and Veterans Day in 2000, but the plant in Manhattan was idle
14 on MLK's Birthday in 2001 and Presidents Day in 2001.

15 IV. NOTICE TO THE PUBLIC

16 The wealth of data provided in this proceeding should not obscure the fact
17 that holiday service levels are a mystery to the public. Most collection boxes do
18 not indicate a holiday collection time. Response to DFC/USPS-2. I know that I
19 cannot trust collection boxes that do indicate a holiday collection time because,
20 based on my experience, mail deposited in those collection boxes on some
21 holidays will not, in fact, be processed on those holidays. At the same time, the
22 Postal Service does collect and process outgoing First-Class Mail on some
23 holidays in some cities. Response to DFC/USPS-1. Unfortunately, collection
24 schedules supporting these processing activities typically are not announced. In
25 fact, I have never, in more than 25 years, seen an announcement in the media or
26 in any post office indicating the collection schedule that the Postal Service will
27 observe on a particular holiday.

1 Discovery in this proceeding suggests that holiday processing activities
2 are a bit of a mystery to the Postal Service, too. See Responses to DFC/USPS-
3 61 and DFC/USPS-76.

4 I believe that I have a greater knowledge of Postal Service collection
5 practices than the typical postal customer. To this extent, I probably am better
6 able to take advantage of holiday collections when I use my knowledge to make
7 educated guesses, based on past experience, concerning collections and mail
8 processing on non-widely observed holidays. For example, after living in
9 Emeryville, California, for a year or two, I learned that the Postal Service typically
10 provided normal weekday collections on Martin Luther King, Jr.'s Birthday,
11 Columbus Day, and Veterans Day. I was not present on Presidents Day a
12 sufficient number of times to form a belief about "typical" practice. This
13 knowledge was useful in Emeryville for those three holidays.

14 Unfortunately, past experience was not always a reliable guide. I
15 deposited important mail in a collection box on Veterans Day on Saturday,
16 November 11, 2000, fully expecting my mail to be collected and processed on
17 Veterans Day. However, as a memo provided in USPS-LR-3 confirms, in an
18 eleventh-hour decision, the Pacific Area decided not to process outgoing mail on
19 Veterans Day in 2000, even though the Pacific Area was expecting normal
20 Saturday collection volumes. My mail was not collected and processed until
21 Monday.

22 On some occasions, I tried to use my experience on previous widely
23 observed holidays to plan my mailings. For example, by the late 1990's, I was
24 aware that post offices in many parts of the country did not collect and process
25 outgoing mail on widely observed holidays. One such holiday was Labor Day.
26 Fortunately, the Oakland Processing and Distribution Center typically processed
27 outgoing mail on Labor Day. I recall depositing mail at the Oakland P&DC on
28 Labor Day in 1995 and 1998 and receiving holiday cancellations. Accordingly, in
29 1999, I paced my work before and during the weekend to prepare 10 or more

1 important letters for mailing on Labor Day. When I left my home and began to
2 drive to the Oakland P&DC, I was pleased to see that a collector was collecting
3 the four boxes located one block from my home. I handed him my mail and
4 saved a drive to the Oakland P&DC. I was surprised, however, to discover that
5 my test mail was not postmarked until Tuesday. With no notice to customers, the
6 Postal Service had eliminated processing of outgoing mail on Labor Day in
7 Oakland.

8 On Columbus Day in 1999, I visited the main post office in Kalispell,
9 Montana. This office processes its own outgoing mail on weekdays, but it sends
10 its mail to Missoula for processing on Saturdays. I deposited outgoing mail at the
11 Kalispell post office on Columbus Day, expecting holiday processing in either
12 Kalispell or Missoula.⁶ Unfortunately, my mail was not postmarked until Tuesday.
13 I would have deposited my mail at the airport in Seattle on Columbus Day on the
14 way home if I had known that the Kalispell post office would not dispatch
15 outgoing mail on Columbus Day. My follow-up correspondence presented in my
16 complaint at Exhibit 2 reveals that the Kalispell post office processed mail on
17 Monday but postmarked the mail with Tuesday's date because it did not have
18 transportation to dispatch the mail on Monday. I consider this dilemma peculiar,
19 as the Postal Service surely could have provided transportation if the desire to
20 provide the service had existed. My correspondence with the Kalispell post office
21 also revealed that holiday volume runs 25 to 30 percent of normal at the Kalispell
22 post office, apparently enough volume to warrant processing operations to
23 prevent delays on the day after the holiday but not enough to warrant a dispatch.
24 Even more strange is why the Kalispell post office had transportation to dispatch
25 mail on Veterans Day in the same year. See Complaint at Exhibit 2, page 4.
26 Holiday service levels are, quite simply, inconsistent and unpredictable.

⁶ Neither Kalispell nor Missoula is classified as either a Processing and Distribution Center or a Processing and Distribution Facility. Many small SCF's that process outgoing mail do not fall into either classification. Data provided in this proceeding do not provide information on processing activities at these small SCF's.

1 Even with my knowledge of postal operations and a Headquarters
2 Telephone Directory in my possession, I am not always able to learn accurate
3 information concerning holiday processing plans. Prior to a trip to Florida on
4 Memorial Day weekend in 1999, I called the plant manager's office of every plant
5 whose service area I expected to visit. Most plants informed me that they would
6 not be processing mail on Memorial Day. However, the person who answered
7 the telephone in the plant manager's office in Fort Lauderdale proclaimed that
8 the Postal Service processes outgoing mail seven days a week and would, of
9 course, be processing outgoing mail on Memorial Day. My test mail deposited at
10 the Fort Lauderdale P&DC was not postmarked until Tuesday. At the
11 Jacksonville P&DC, the Postal Service was providing retail window service on
12 Memorial Day. A window clerk informed me that my mail would be processed on
13 Memorial Day. My test mail deposited at the Jacksonville P&DC was not
14 postmarked until Tuesday. At the South Florida P&DC, I asked the person who
15 was collecting the boxes at the plant on Sunday whether the P&DC would be
16 processing outgoing mail on Memorial Day. He said yes. The test mail that I
17 deposited in his hamper was not postmarked until Tuesday. Thus, even though I
18 had enough knowledge to ask questions, and even though I asked people who
19 seemed to be in a position to know the answers to my questions, I received
20 misleading information from three facilities. Surely other customers who ask for
21 information about holiday processing activities receive incorrect information as
22 well.

23 I also should note that collecting boxes on holidays when those boxes do
24 not show a holiday collection does not necessarily provide a windfall benefit to all
25 customers. Some people mail bill payments with the expectation that they will
26 not arrive before a particular day — e.g., payday. Customers can be harmed by
27 unexpectedly fast service.

28 Simply stated, the Postal Service should provide customers accurate
29 notice of holiday service levels.

1 **V. NEED FOR HOLIDAY MAIL SERVICE**

2 I believe that postal customers need collection and processing of outgoing
3 mail on non-widely observed holidays. On Martin Luther King Jr.'s Birthday,
4 Presidents Day, Columbus Day, and Veterans Day, many, if not most,
5 businesses are open. I see steady traffic of customers visiting post offices to
6 deposit mail. Many customers appear a bit surprised to discover that post-office
7 retail services, and sometimes lobbies, are closed; since many people work on
8 these holidays, they may forget that the day is a federal holiday. When post
9 offices eliminate collection runs earlier in the day on these holidays, collection
10 boxes sometimes fill up. When these holidays fall on a weekday, many post
11 offices perform final collections on these holidays according to the weekday
12 collection schedule. The use of weekday collection schedules confirms that mail
13 volumes, and the time of deposit, resemble a normal weekday.

14 Except possibly at Christmas and New Year's, I also believe that postal
15 customers need collection and processing of outgoing mail with a sufficient
16 frequency to prevent two days from passing without outgoing mail service. Mail
17 is an essential service. Thus, in addition to the non-widely observed holidays, I
18 believe that customers need outgoing mail service on Memorial Day and Labor
19 Day. I base my assessment of customer need on several factors.

20 First, I typically need to send mail on Sunday or Monday of a three-day
21 holiday weekend. Most recently, I needed to send mail on Labor Day in 2001.

22 Second, I have made many observations at post offices on holidays. I
23 visit post offices often. Moreover, I visit post offices during my frequent travels; in
24 fact, I often travel and visit post offices on holiday weekends. In my home town
25 and while travelling, I see people who obviously are making a special visit to the
26 post office to deposit outgoing mail. That is, they are not picking up mail from a
27 post-office box or purchasing stamps from vending machines. They are at the
28 post office to deposit mail. Sometimes people study the posted collection times

1 and signs in the post offices. I conclude that many of these customers want their
2 mail to be collected and processed on the holiday.

3 On Independence Day in 2001, I parked my car for five minutes near two
4 drive-up collection boxes at the Santa Cruz post office between 10:10 AM and
5 10:15 AM. Not including pedestrian traffic into the post office behind me, I
6 counted three people in this five-minute period deposit mail in these two drive-up
7 collection boxes. I was not watching the other four collection boxes at the Santa
8 Cruz post office during this time interval.

9 Third, customers often drive to processing and distribution centers to
10 deposit mail on holidays. These facilities often are not located in convenient,
11 central downtown locations; thus, people who visit P&DC's on holidays probably
12 are making a special trip to the P&DC to deposit their mail to give it the best
13 chance of being collected and processed on the holiday.

14 Last but not least, POM Exhibit 125.22, footnote 1, states that
15 "Consecutive days without collections should be avoided." I am not aware of any
16 information indicating that the Postal Service satisfies customer needs when it
17 allows two consecutive days to pass without processing outgoing mail.

18 I believe, as a general principle, that customers who deposit mail in
19 collection boxes need their mail to be collected and processed within one day.
20 Customers who deposit letters expect their mail to be delivered reasonably
21 quickly. To the extent that a larger portion of individual customers' outgoing mail
22 consists of bill payments versus personal correspondence, customers probably
23 have a greater need for speedy mail service now than they did in years past.

24 Moreover, the Postal Service's service standards are based in part on
25 need. The overnight delivery area "depends on customer need, transportation
26 accessibility, and scheduling." 2001 *National Five-Digit ZIP Code and Post*
27 *Office Directory* at 9-3. Second-day delivery is scheduled for "locally designated
28 areas nationwide to which 2-day delivery is needed and to which transportation is

1 available for consistent achievement of 2-day delivery." *Id.* The service standard
2 for delivery to all other areas is three days. *Id.* I am not aware of any information
3 indicating that customers who deposit mail on Sundays or holidays have any less
4 of a need for timely delivery of their mail than customers who deposit mail on
5 other days. The service standards presume a need to deliver customers' mail in
6 one to three days; the exact delivery time depends on the destination and
7 customer need. When the Postal Service fails to process outgoing mail for two
8 consecutive days, the Postal Service automatically fails to satisfy the customer
9 need that the Postal Service itself presumes in the overnight and two-day service
10 standards.

11 In addition, when the Postal Service allows three days to pass without
12 outgoing mail processing, as the Postal Service did by completely eliminating
13 outgoing mail processing in Salt Lake City on Christmas Eve in 1996 and 1999,
14 Tucson on Christmas Eve in 1996 and 1998, and Phoenix on Christmas Eve in
15 1996, the Postal Service fails to meet the customer need that the service
16 standards presume for all mail, whether the mail is targeted for overnight, two-
17 day, or three-day delivery. USPS-LR-4.

18 Data support my conclusions. For each plant from 1992 to present,
19 USPS-LR-2 provides the percentage of a normal day's cancellation volume that
20 each plant processed on each holiday. I believe that the closer a holiday
21 cancellation volume is to a normal day's cancellation volume, the higher the
22 customer need is for outgoing mail processing on that holiday. The high
23 cancellation volumes typically occur on non-widely observed holidays, when
24 many people and businesses go about their normal routine, generating mail and
25 depositing it in collection boxes.

26 The significance of smaller cancellation volumes is less clear. Smaller
27 cancellation volumes typically occur on widely observed holidays. These smaller
28 volumes probably are attributable in large part to the fact that far fewer
29 businesses are open and generating mail on widely observed holidays than on

1 non-widely observed holidays. However, the smaller cancellation volumes do not
2 necessarily mean that individual customers have less of a need for outgoing mail
3 processing on non-widely observed holidays than on widely-observed holidays.
4 In fact, I am unaware of any reason to believe that individual mailers have more
5 or less of a need for outgoing mail processing on non-widely observed holidays
6 than on widely-observed holidays.⁷ In my experience, while business customers
7 typically do not need outgoing mail service on days when their businesses are
8 closed, a need for mail service may arise for individual customers on any day.

9 Customers' need for timely and readily available mail service may even be
10 growing in recent years as credit-card companies become increasingly willing to
11 impose hefty fees for late payments. Many creditors eliminated their grace
12 periods in the late 1990's and began charging late fees for payments arriving
13 even one day after the stated due date. These fees often are in the range of
14 \$29. Late payments can cause customers' credit-card interest rates to rise as
15 well and adversely affect their credit ratings. Another factor fueling an increasing
16 need for speedy mail service is the Internet, which has speeded up the pace of
17 business and communication.

18 As I explained in section III, *supra*, customers living in the service areas of
19 approximately 25 percent of all processing plants do not receive outgoing mail
20 service on the non-widely observed holidays of Martin Luther King, Jr.'s Birthday,
21 Presidents Day, Columbus Day, and Veterans Day. Over 80 percent of plants sit
22 idle on the widely observed holidays, including the Monday holidays of Memorial
23 Day and Labor Day.

24 I analyzed the data in USPS-LR-2 and USPS-LR-6 to determine the
25 volume that these idle plants likely are stranding on holidays.⁸ The following list
26 shows the average volume nationwide — measured as a percentage of the

⁷ As I discuss on page 13, two exceptions may be Christmas Day and New Year's Day, when people tend to retreat to family gatherings.

⁸ Footnote 4 on page 5 discusses my methodology.

1 plants' normal volume — that is not being processed on each holiday at plants
2 that sit idle on holidays:

3	Holiday	Volume (% of Normal)
4	New Year's Day	16%
5	MLK's Birthday	42%
6	Presidents Day	41%
7	Memorial Day	21%
8	Independence Day	20%
9	Labor Day	24%
10	Columbus Day	43%
11	Veterans Day	32%
12	Thanksgiving Day	6%
13	Christmas Day	24%

14 These data show that the plants that are sitting idle on the non-widely
15 observed holidays are stranding at least 40 percent of their normal weekday
16 volume on Martin Luther King, Jr.'s Birthday, Presidents Day, and Columbus Day
17 and at least 32 percent of their normal volume on Veterans Day. The lower
18 stranded volume on Veterans Day may be a reflection of the fact that Veterans
19 Day is the only non-widely observed holiday that does not always fall on a
20 Monday. Since most plants do not process outgoing mail on Sunday, plants that
21 do not process outgoing mail on Monday holidays strand two days of outgoing
22 mail. For many plants, the volume of stranded mail may exceed 500,000 pieces.

23 On the widely observed holidays that fall on Monday, idle plants are
24 stranding at least 21 percent of their normal volume on Memorial Day and at
25 least 24 percent of their normal volume on Labor Day. All these volume figures
26 are significant. Even a figure of 21 or 24 percent can represent 250,000 pieces
27 of mail at a large processing plant. See Response to DFC/USPS-12. Behind
28 each piece of mail is a customer who needed mail service.

1 The significance of holiday mail volume is reflected in the collection
2 activities on the morning after the holiday. To prevent processing problems, post
3 offices may perform additional collections early in the day after a holiday to bring
4 accumulated volume to the processing plant early in the day. See Response to
5 DFC/USPS-57 and USPS-LR-1. In addition, the heavy volume following a
6 holiday on which the Postal Service did not process outgoing mail may lead to
7 plan failures — instances in which facilities were unable to complete timely
8 outgoing processing. See Response to DFC/USPS-18. If the stranded holiday
9 mail volume had been insignificant, processing plants probably would have been
10 able to absorb the additional volume on the following day without experiencing
11 plan failures.

12 I cannot emphasize strongly enough, however, that historical holiday
13 cancellation volumes almost certainly *underestimate* the true customer need for
14 holiday mail service. First, most collection boxes do not show a holiday
15 collection. I believe that some customers do not bother to deposit letters on
16 holidays because collection boxes indicate that no collection service will be
17 provided. Along the same lines, customers may refrain from or delay generating
18 mail on holidays because they do not expect that their letters will be collected
19 and processed if they make the effort to deposit them on holidays. If collection
20 boxes indicated holiday collection times, surely more customers who need
21 holiday mail service would use collection boxes.

22 Second, on holidays — and particularly on widely observed holidays such
23 as Memorial Day and Labor Day — collection activities are substantially less
24 extensive than they are on weekdays. That is, fewer boxes in fewer cities are
25 collected, and collections usually are made earlier in the day than on weekdays.
26 According to POM §§ 322.233, 322.343, and 323.42, holiday collections are
27 mandatory only for collection boxes that receive an average weekday volume of
28 100 pieces or more — the “time decal” boxes. Holiday collections from
29 residential boxes are not required. POM § 323.42. The reduced collection
30 activities bring less mail to the processing plant than the plant would receive if all

1 street collection boxes were collected and if the collections were made later in
2 the day.

3 The data on holiday mail volumes cannot be examined in a vacuum.
4 Rather, these data depend on the scope of collections. A collection from every
5 collection box in every city at the regular weekday collection time will bring more
6 mail to the processing plant than full-town collections prior to the regular
7 weekday collection time. Similarly, collecting some but not all boxes also will
8 bring less mail to the processing plant than full-town collections in every city.

9 I believe that the reduced scope of collections probably causes processing
10 volumes to underestimate the true volume of mail available for collection by five
11 percent on widely observed holidays. On the non-widely observed holidays,
12 many post offices perform collections on a schedule that approximates the
13 normal weekday collection schedule. Therefore, most of the mail that is available
14 for collection probably is collected, so the volume data may accurately reflect the
15 quantity of mail that was available for collection. However, on all holidays, the
16 absence of posted holiday collection times surely discourages some people from
17 depositing or even generating mail on holidays. Consequently, I believe that the
18 volume data underestimate customers' true need for holiday collection services.

19 The absence of posted holiday collection times discourages deposit of
20 mail in another important way. In recent years, the Postal Inspection Service has
21 responded to outbreaks of thefts of mail from collection boxes by advising
22 customers in many cities not to deposit mail in collection boxes after the final
23 collection time posted on the box. To the extent that customers are concerned
24 about identity theft, fraud, and other risks of monetary loss and are heeding the
25 Postal Inspection Service's advice, the volume data for holiday mail processing
26 surely underestimate true customer need for holiday mail service because
27 customers are withholding mail from deposit on holidays based on advice from
28 the Postal Inspection Service.

1 As I discussed in section III, *supra*, considerable variation in holiday mail
2 processing services exists from Area to Area. Within each Area, holiday
3 processing activities vary from year to year on the same holiday. In New York
4 City, processing activities vary from borough to borough, with Queens providing
5 holiday service and Brooklyn not. Moreover, within each Area, processing
6 activities on non-widely observed holidays vary from holiday to holiday during the
7 same year.

8 The level of holiday mail processing service that the Postal Service
9 provides does not appear to be closely related to the needs of customers. I do
10 not believe that customer needs for holiday mail processing vary significantly
11 across Areas. I do not believe that customer needs for holiday mail processing
12 vary significantly within each Area from year to year for the same holiday. I also
13 do not believe that customer needs for holiday mail processing vary significantly
14 among non-widely observed holidays within each Area during a single year.
15 And, of course, I do not believe that postal customers in Brooklyn, Manhattan,
16 Bronx, or Staten Island have any less of a need for holiday mail processing than
17 customers in Queens. In fact, in 1998, Brooklyn's last year of processing
18 outgoing mail on Columbus Day, the Brooklyn P&DC processed nearly 62
19 percent of a normal day's volume. USPS-LR-2. Yet even this substantial volume
20 apparently was insufficient for local officials to conclude that Brooklyn postal
21 customers may need outgoing mail processing on Columbus Day.

22 USPS-LR-3 provides insight into decision-making in the Pacific Area
23 concerning holiday mail processing on Veterans Day in 2000. The decision not
24 to process outgoing mail on this holiday appears to have been made without
25 regard for the needs of customers. In a memo dated October 24, 2000, the
26 Pacific Area advised field managers that the Saturday occurrence of Veterans
27 Day "should result in typical Saturday mail volumes." USPS-LR-3. The Pacific
28 Area ordered adherence to normal Saturday collection schedules on Saturday,
29 November 11, 2000. This directive seemed reasonable: provide Saturday
30 collection service for normal Saturday volumes. I believe that normal Saturday

1 mail volumes are sufficiently large to indicate a need for mail processing.
2 However, three days later, apparently based on a teleconference, the Pacific
3 Area reversed course. On October 27, 2000, the Pacific Area decided that plants
4 would not process outgoing mail. *Id.* Post offices would follow holiday collection
5 schedules. *Id.* The meaning of the directive to observe holiday collection
6 schedules is not clear since most collection boxes do not have holiday collection
7 schedules, and those that do should not since the plants would not be processing
8 outgoing mail on Veterans Day in 2000. Collection boxes should not show a
9 holiday collection time if mail will not be collected and processed from them on
10 every holiday. See Response to DFC/USPS-3. As I explained previously, this
11 revised decision interrupted my own mailing plans, as I was expecting to receive
12 outgoing mail processing on Veterans Day.

13 The data presented in Appendix 2 confirm my belief that customers do not
14 know which level of processing service to expect on any holiday. Processing
15 services vary from year to year, from plant to plant, and from holiday to holiday
16 — not to mention *within* New York City. Even to an astute postal observer, the
17 past is not a good predictor of future Postal Service processing activities. The
18 data suggest that the public cannot be anything but confused about the level of
19 service that it can expect from the Postal Service on any given holiday.

20 VI. A TALE OF CUSTOMER NEED AND INADEQUATE NOTICE

21 One example from Presidents Day in 1995 captures the difficulties that
22 customers experience when the Postal Service does not explain holiday mail-
23 processing schedules to the public and when the Postal Service allows two
24 consecutive days to pass without processing outgoing mail. On Saturday,
25 February 18, 1995, I drove to the Nevada side of Lake Tahoe to visit family. On
26 Saturday, I neglected to mail a credit-card payment that was due on Friday,
27 February 24, 1995, in Atlanta. I did not realize the error until Sunday. I was
28 planning to drive home to the San Francisco Bay Area on Monday via Reno,
29 where I had another errand to run.

1 Upon arriving in Reno, I visited the Reno P&DC. Knowing that the Postal
2 Service was curtailing processing operations on some holidays, I was aware that
3 I could not count on holiday processing in Reno. Fortunately, a courtesy
4 telephone was available in the lobby of the P&DC. I picked up the telephone,
5 and an employee answered. I asked him whether the Reno P&DC would be
6 processing outgoing mail on Presidents Day. He said no. I decided not to mail
7 my payment, since I could try the Sacramento P&DC on the way home. My test
8 mail backed up his statement: it was not postmarked until Tuesday, February 21,
9 1995.

10 On the drive home, I called a non-published telephone number at the
11 Oakland P&DC that, I expected, would be answered. The Oakland P&DC
12 informed me that it was processing outgoing mail. I was not certain that I would
13 arrive in Oakland by 8:00 PM, the normal weekday and Saturday collection time
14 at the P&DC. (No holiday collection time is posted.) When I arrived in
15 Sacramento at 7:00 PM or 8:00 PM, I drove to the P&DC. The collection boxes
16 were full, and they did not show a holiday collection time. I walked around to the
17 back dock, but I did not hear any activity or see anybody. I concluded that the
18 P&DC was not processing outgoing mail, so I did not deposit my payment. I had
19 no chance of arriving in Oakland by 8:00 PM, so I mailed my payment on
20 Tuesday. In fact, I decided to mail two payments to the Atlanta address in the
21 hope that one would arrive by Friday so I could avoid a late fee. One payment
22 arrived on Friday, and the other payment arrived on the following Monday.

23 This example demonstrates the difficulty that the Postal Service creates
24 for customers when it does not inform them of the level of holiday collection
25 service that it will be providing and when the Postal Service allows two
26 consecutive days to pass without processing outgoing First-Class Mail.

27 **VII. DISCOVERY OF A PROBLEM LEADS TO A SOLUTION**

28 While on vacation in the South earlier this year, I drove to Mobile,
29 Alabama, on Memorial Day. When I arrived downtown, I stopped at a pair of

1 collection boxes to deposit some test mail. To my surprise, the collection boxes
2 had a special notation that I had never seen elsewhere. A photograph of the
3 label appears in Appendix 3. The collection box indicated a holiday collection at
4 5:00 PM. However, according to the note, this collection time did not apply on
5 New Year's Day, Independence Day, Labor Day, Thanksgiving Day, and
6 Christmas Day. Next, I located a station. The collection box at that location
7 showed two holiday collection times and showed the same note. See Response
8 to DFC/USPS-23.

9 In both collection boxes, I deposited test mail before the final holiday
10 collection time on Memorial Day. My mail was not postmarked until Tuesday,
11 May 29, 2001. Indeed, the Mobile P&DC did not process outgoing mail on
12 Memorial Day in 2001. Response to DFC/USPS-22. This experience provides
13 yet another example of the Postal Service providing inaccurate information to the
14 public concerning holiday services.

15 However, this example is significant for another reason. The collection-
16 times label from Mobile presents the solution to the problem concerning
17 inaccurate information provided to postal customers on holidays: Collection-times
18 labels should show holiday collection times but specify the holidays on which the
19 holiday collection times will and will not apply.

20 Presently, most collection boxes do not show holiday collection times
21 because the boxes usually are collected on some holidays but not other
22 holidays.⁹ Therefore, the Postal Service errs on the side of not promising a
23 service that it may not provide. Of course, this practice harms customers who
24 rely on the collection-times labels and do not take advantage of collection
25 services on holidays when the Postal Service actually is providing holiday
26 collection service. This practice also harms customers who deposit bill payments
27 with the expectation that they will *not* arrive before a certain day. The Mobile

⁹ Those collection boxes that show holiday collection times probably should not show holiday collection times. I will discuss this issue in more detail when I receive Collection Box Management System data in response to DFC/USPS-19.

1 example presents an effective way for a collection-times label to indicate a
2 holiday collection time but to limit that holiday collection time to specific holidays.

3 The Mobile post office apparently used a separate computer program —
4 perhaps a word-processing program — to print this notation on labels that
5 already had been printed by the Collection Box Management System database.
6 Response to DFC/USPS-24. To implement this solution, the Postal Service first
7 will need to modify the Collection Box Management System database to print
8 these notations automatically on collection-times labels. When a postal official
9 enters a holiday collection time, the database could allow the official to check off
10 the holidays on which the holiday collection time would not apply. Printed labels
11 would automatically reflect this information in the notation from that point forward
12 whenever a label for that collection box was printed. Considering the substantial
13 benefit to the public that this solution would provide nationwide, for every holiday,
14 the programming cost would be justified, as would be the one-time costs in
15 implementing the changes and updating collection-times labels on collection
16 boxes.

17 Field officials will need to decide, for each holiday, whether they will or will
18 not collect and process outgoing mail — and then commit to it. There is nothing
19 unreasonable in expecting postal officials to decide on a level of holiday service
20 and then provide it. After all, at some point, every post office already has made
21 this decision for every collection box for every weekday and Saturday collection
22 time. I do not believe that customer need for holiday mail service changes
23 significantly on each holiday from year to year and from Area to Area in a way
24 that justifies the type of variation that Appendix 2 depicts in current holiday
25 processing operations. The information revealed thus far in this proceeding
26 should demonstrate convincingly that greater rationality and consistency are
27 necessary in holiday processing services, anyway. Greater consistency will
28 assist the Postal Service in creating reasonable customer expectations and then
29 satisfying those expectations. Under my proposal, local officials may continue to

1 make local decisions for each holiday, consistent with national Postal Service
2 policy and the statutory requirement to provide adequate postal services.

3 This solution should be implemented regardless of whether the Postal
4 Service imposes greater consistency and rationality for holiday mail services on a
5 nationwide basis. While greater consistency and rationality are necessary, this
6 solution would allow the Postal Service to inform customers of holiday mail
7 services — whatever they are.

8 This solution will, for the first time in over a decade, inform customers of
9 the level of service that they can expect on holidays. Customers will know
10 whether to expect collections on particular holidays. If the Postal Service will be
11 providing collections, customers will know the collection times. Indeed,
12 customers will be able to take advantage of outgoing mail processing on holidays
13 and plan to use the mail on days when they might, in previous years, have
14 believed that no service was available. The Mobile example is a win-win solution
15 for the Postal Service and its customers.

16 In fact, the Postal Service hardly can justify not implementing this solution.
17 If the Postal Service does not implement this solution, it will be sending the
18 message that providing accurate service information to customers is not
19 sufficiently important to justify the one-time effort in deciding on holiday service
20 levels and updating collection-times labels on collection boxes.

21 The Mobile solution has the potential of bringing holiday mail services into
22 closer alignment with the needs of customers by requiring greater rationality in
23 local decision-making. At the same time, customers will be informed of holiday
24 service levels. The time for implementing this solution is now.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon the required parties in accordance with section 12 of the *Rules of Practice*.



DOUGLAS F. CARLSON

September 12, 2001
Santa Cruz, California

APPENDIX 1

APPENDIX 1 — HOLIDAY MAIL PROCESSING TRENDS

NEW YEAR'S DAY

Year	1-2-92	1-2-93	1-2-94	1-3-95	1-2-96	1-2-97	1-2-98	1-2-99	1-2-00	1-2-01
Total Plants	44	38	29	113	56	33	27	25	11	14

2001 Decline From Peak Year 99
 2001 Decline as % of Peak Year 88%

2001 Decline From Average 25
 2001 Decline as % of Average 64%

MLK'S BIRTHDAY

Year	1-21-92	1-19-93	1-18-94	1-17-95	1-16-96	1-21-97	1-20-98	1-19-99	1-18-00	1-16-01
Total Plants	158	206	207	221	220	226	225	225	200	179

2001 Decline From Peak Year 47
 2001 Decline as % of Peak Year 21%

2001 Decline From Average 28
 2001 Decline as % of Average 13%

PRESIDENTS DAY

Year	2-18-92	2-16-93	2-22-94	2-21-95	2-20-96	2-18-97	2-17-98	2-16-99	2-22-00	2-20-01
Total Plants	152	212	204	220	222	230	218	223	195	176

2001 Decline From Peak Year 54
 2001 Decline as % of Peak Year 23%

2001 Decline From Average 29
 2001 Decline as % of Average 14%

APPENDIX 1 — HOLIDAY MAIL PROCESSING TRENDS

MEMORIAL DAY

Year	5-26-92	6-1-93	5-31-94	5-30-95	5-28-96	5-27-97	5-26-98	6-1-99	5-30-00	5-29-01
Total Plants	93	143	118	122	134	142	117	73	53	33

2001 Decline From Peak Year 110
 2001 Decline as % of Peak Year 77%

2001 Decline From Average 70
 2001 Decline as % of Average 68%

INDEPENDENCE DAY

Year	7-5-92	7-6-93	7-5-94	7-5-95	7-5-96	7-5-97	7-5-98	7-6-99	7-5-00
Total Plants	23	126	78	50	73	71	42	39	27

2000 Decline From Peak Year 99
 2000 Decline as % of Peak Year 79%

2000 Decline From Average 32
 2000 Decline as % of Average 54%

LABOR DAY

Year	9-8-92	9-7-93	9-6-94	9-5-95	9-3-96	9-2-97	9-8-98	9-7-99	9-5-00
Total Plants	112	130	92	96	112	124	103	47	40

2000 Decline From Peak Year 90
 2000 Decline as % of Peak Year 69%

2000 Decline From Average 55
 2000 Decline as % of Average 58%

APPENDIX 1 — HOLIDAY MAIL PROCESSING TRENDS

COLUMBUS DAY

Year	10-13-92	10-12-93	10-11-94	10-10-95	10-15-96	10-14-97	10-13-98	10-12-99	10-9-00
Total Plants	161	206	214	216	223	223	226	182	189

2000 Decline From Peak Year 37
 2000 Decline as % of Peak Year 16%

2000 Decline From Average 15
 2000 Decline as % of Average 8%

VETERANS DAY

Year	11-12-92	11-12-93	11-12-94	11-12-95	11-12-96	11-12-97	11-12-98	11-12-99	11-12-00
Total Plants	169	210	232	188	227	222	236	202	108

2000 Decline From Peak Year 128
 2000 Decline as % of Peak Year 54%

2000 Decline From Average 91
 2000 Decline as % of Average 46%

THANKSGIVING DAY

Year	11-27-92	11-26-93	11-25-94	11-24-95	11-29-96	11-28-97	11-27-98	11-26-99	11-24-00
Total Plants	57	29	18	16	31	24	24	20	17

2000 Decline From Peak Year 40
 2000 Decline as % of Peak Year 70%

2000 Decline From Average 9
 2000 Decline as % of Average 35%

APPENDIX 1 — HOLIDAY MAIL PROCESSING TRENDS

CHRISTMAS DAY

Year	12-26-92	12-26-93	12-27-94	12-26-95	12-26-96	12-26-97	12-26-98	12-26-99	12-26-00
Total Plants	27	13	75	6	18	15	11	7	6

2000 Decline From Peak Year 69
 2000 Decline as % of Peak Year 92%

2000 Decline From Average 14
 2000 Decline as % of Average 70%

APPENDIX 2

APPENDIX 2 -- INCIDENCE OF MAIL PROCESSING ON HOLIDAYS

NEW YEAR'S DAY 1-2-00	1-2-01	MLK'S BIRTHDAY 1-18-00	1-16-01	PRESIDENTS DAY 2-22-00	2-20-01	MEMORIAL DAY 5-30-00	5-29-01	INDEPENDENCE DAY 7-6-99	7-5-00
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AREA	30	32	94%	28	32	88%	2	32	6%	3	32	9%	3	32	9%	25	32	78%	100%	27	32	84%	26	32	81%	
ALLEGHENY																										
Total Facilities That Did Not Process																										
Total Facilities																										
% That Did Not Process																										

AREA	8	9	89%	9	9	100%	0	9	0%	0	9	0%	0	9	0%	8	9	89%	89%	6	9	67%	8	9	89%	
CAPITAL METRO																										
Total Facilities That Did Not Process																										
Total Facilities																										
% That Did Not Process																										

AREA	30	31	97%	31	31	100%	6	31	19%	7	31	23%	6	31	19%	19	31	61%	87%	27	31	77%	24	31	87%	
GREAT LAKES AREA																										
Total Facilities That Did Not Process																										
Total Facilities																										
% That Did Not Process																										

AREA	26	27	96%	25	27	93%	8	27	30%	8	27	30%	12	27	44%	18	27	67%	67%	18	27	85%	23	27	81%	
MID-ATLANTIC AREA																										
Total Facilities That Did Not Process																										
Total Facilities																										
% That Did Not Process																										

AREA	29	35	83%	28	35	80%	2	35	6%	0	35	0%	0	35	0%	22	35	63%	71%	25	35	71%	25	35	77%	
MIDWEST AREA																										
Total Facilities That Did Not Process																										
Total Facilities																										
% That Did Not Process																										

AREA	21	22	95%	21	22	95%	11	22	50%	14	22	64%	13	22	59%	22	22	100%	95%	21	22	95%	21	22	100%	
NEW YORK METRO AREA																										
Total Facilities That Did Not Process																										
Total Facilities																										
% That Did Not Process																										

AREA	29	29	100%	29	29	100%	6	29	21%	5	29	17%	5	29	17%	29	29	100%	100%	29	29	90%	26	29	100%	
NORTHEAST AREA																										
Total Facilities That Did Not Process																										
Total Facilities																										
% That Did Not Process																										

APPENDIX 2 — INCIDENCE OF MAIL PROCESSING ON HOLIDAYS

AREA
NEW YEAR'S DAY 1-2-01 **MLK'S BIRTHDAY** 1-16-01 **PRESIDENTS DAY** 2-22-00 **MEMORIAL DAY** 5-29-01 **INDEPENDENCE DAY** 7-5-00
 1-2-00 1-18-00 1-16-01 2-22-00 2-20-01 5-30-00 7-6-99

PACIFIC AREA

Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

24	24	2	1	4	1	24	24	24	24	24
24	24	24	24	24	24	24	24	24	24	24
100%	100%	8%	4%	17%	4%	100%	100%	100%	100%	100%

SOUTHEAST AREA

Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

36	36	10	18	9	17	31	35	35	35	33
36	36	36	36	36	36	36	36	36	36	36
100%	100%	28%	50%	25%	47%	86%	97%	97%	97%	92%

SOUTHWEST AREA

Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

23	23	10	7	8	11	16	18	23	23	22
25	25	25	25	25	25	25	25	25	25	25
92%	92%	40%	28%	32%	44%	64%	72%	92%	92%	88%

WESTERN AREA

Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

24	20	6	7	8	9	20	21	17	17	23
24	24	24	24	24	24	24	24	24	24	24
100%	83%	25%	29%	33%	38%	83%	88%	71%	71%	96%

TOTAL

Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

280	274	63	73	65	77	234	258	251	251	263
294	294	294	294	294	294	294	294	294	294	294
95%	93%	21%	25%	22%	26%	80%	88%	85%	85%	89%

APPENDIX 2 -- INCIDENCE OF MAIL PROCESSING ON HOLIDAYS

AREA **LABOR DAY** **COLUMBUS DAY** **VETERANS DAY** **THANKSGIVING** **CHRISTMAS**
 9-7-99 **9-5-00** **10-12-99** **10-9-00** **11-12-99** **11-24-00** **11-26-99** **12-26-00** **12-26-99** **12-26-00**

ALLEGHENY
 Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

21	22	4	4	6	22	27	25	31	30
32	32	32	32	32	32	32	32	32	31
66%	69%	13%	13%	19%	69%	84%	78%	97%	97%

CAPITAL METRO
 Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

8	7	3	3	0	6	8	9	8	8
9	9	9	9	9	9	9	9	9	9
89%	78%	33%	33%	0%	67%	89%	100%	89%	89%

GREAT LAKES AREA
 Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

27	26	11	5	8	8	29	28	31	31
31	31	31	31	31	31	31	31	31	31
87%	84%	35%	16%	26%	26%	94%	90%	100%	100%

MID-ATLANTIC AREA
 Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

23	23	11	15	8	20	23	22	24	25
27	27	27	27	27	27	27	27	27	27
85%	85%	41%	56%	30%	74%	85%	81%	89%	93%

MIDWEST AREA
 Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

27	26	2	0	0	1	29	29	31	31
35	35	35	35	35	35	35	35	35	35
77%	74%	6%	0%	0%	3%	83%	83%	89%	89%

NEW YORK METRO AREA
 Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

20	20	12	13	6	15	21	22	22	22
22	22	22	22	22	22	22	22	22	22
91%	91%	55%	59%	27%	68%	95%	100%	100%	100%

NORTHEAST AREA
 Total Facilities That Did Not Process
 Total Facilities
 % That Did Not Process

20	21	4	5	5	8	28	29	29	29
29	29	29	29	29	29	29	29	29	29
69%	72%	14%	17%	17%	28%	97%	100%	100%	100%

APPENDIX 2 — INCIDENCE OF MAIL PROCESSING ON HOLIDAYS

AREA **LABOR DAY** **9-5-00** **COLUMBUS DAY** **10-9-00** **VETERANS DAY** **11-12-99** **11-12-00** **THANKSGIVING** **11-26-99** **11-24-00** **CHRISTMAS** **12-26-99** **12-26-00**

PACIFIC AREA												
Total Facilities That Did Not Process	24	24	1	3	1	24	20	23	24	24	24	24
Total Facilities	24	24	24	24	24	24	24	24	24	24	24	24
% That Did Not Process	100%	100%	4%	13%	4%	100%	83%	96%	100%	96%	100%	100%

SOUTHEAST AREA												
Total Facilities That Did Not Process	34	35	12	15	9	29	35	36	36	36	36	36
Total Facilities	36	36	36	36	36	36	36	36	36	36	36	36
% That Did Not Process	94%	97%	33%	42%	25%	81%	97%	100%	100%	100%	100%	100%

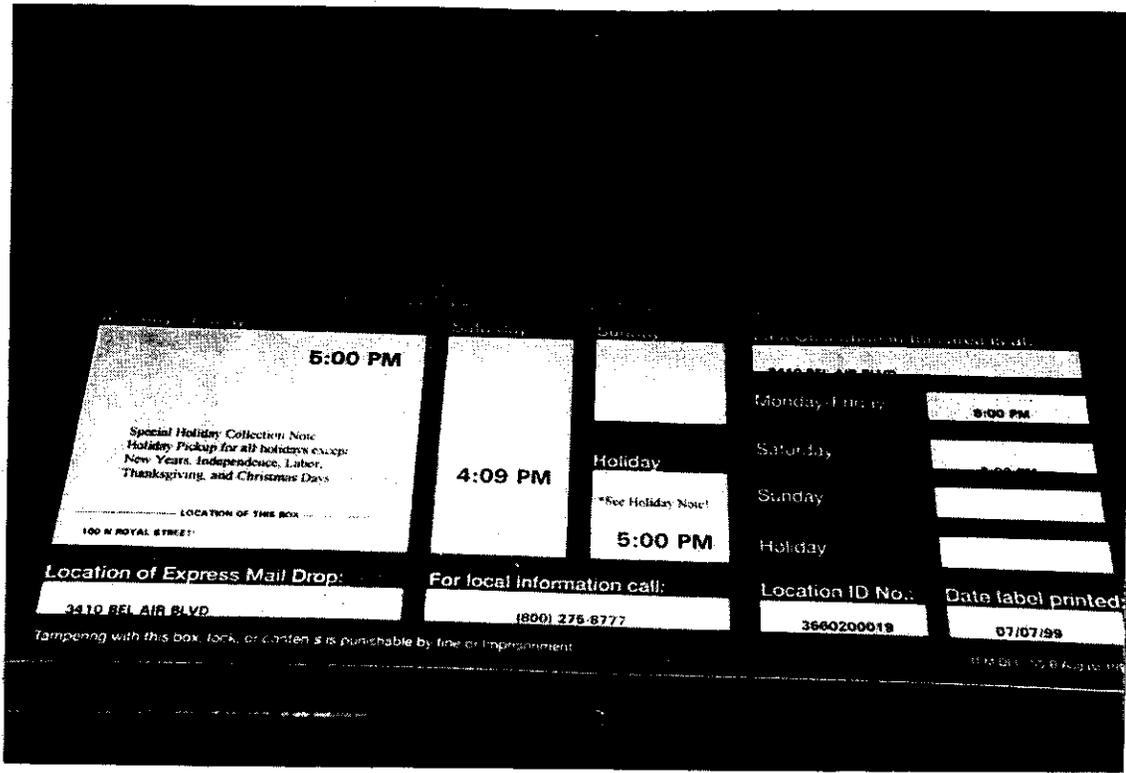
SOUTHWEST AREA												
Total Facilities That Did Not Process	20	20	12	8	8	14	25	25	25	25	25	25
Total Facilities	25	25	25	25	25	25	25	25	25	25	25	25
% That Did Not Process	80%	80%	48%	32%	32%	56%	100%	100%	100%	100%	100%	100%

WESTERN AREA												
Total Facilities That Did Not Process	10	17	6	8	8	12	23	24	24	24	24	24
Total Facilities	24	24	24	24	24	24	24	24	24	24	24	24
% That Did Not Process	42%	71%	25%	33%	33%	50%	96%	100%	100%	100%	100%	100%

TOTAL												
Total Facilities That Did Not Process	234	241	78	79	59	159	268	272	285	285	285	285
Total Facilities	294	294	294	294	294	294	294	294	294	294	294	293
% That Did Not Process	80%	82%	27%	27%	20%	54%	91%	93%	97%	97%	97%	97%

APPENDIX 3

APPENDIX 3



Collection-Times Decal From Mobile, Alabama