

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

COMPLAINT ON FIRST-CLASS MAIL
SERVICE STANDARDS

Docket No. RC2001-3

COMPELLED RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN
(DBP/USPS-4, 9, 17, 21, 26, 44, 51, 52 AND 53)

In accordance with Presiding Officer's Ruling Nos. C2001-3/3 (November 14, 2001) and C2001-3/6 (November 29, 2001) The United States Postal Service hereby provides the compelled responses to the following interrogatories of Mr. Popkin:

In some cases, responses (or supplemental responses) to only certain subparts of an interrogatory were compelled. In each case, the entire interrogatory is repeated and responses to all subparts (new, supplemental, or untouched) are provided.

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

These responses supersede the original or supplemental responses filed either on October 4, 22, or 29, 2001.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

December 3, 2001

Michael T. Tidwell

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.

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
December 3, 2001

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DBP/USPS-4 [a] Please confirm that each P&DC in the country will dispatch mail to each of the other P&DCs in the country. [b] Please confirm that there are intermediate facilities, such as Area Distribution Centers, in the exchange of mail that is referenced in subpart a above. [c] Please discuss the utilization of the intermediate facilities, including whether they are utilized for overnight, 2-Day, and/or 3-Day mail, referenced in subpart b above. [d] Please provide a listing of each of the intermediate facilities referenced in subpart b above. [e] Please provide information which will provide the details of the movement of mail from each P&DC to each of the other P&DCs in the country. [f] Please explain any items above that you are not able to confirm.

RESPONSE:

(a&b) The 2 & 3-Day Service Standard Model at dispute in this proceeding maps

the mail from an Origin P&DC to a Destination ADC, not to every P&DC.

The Parent ADCs then extract the mail for their subordinate SCFs

(P&DCs, P&DFs or CSFs) and then forward the mail to the appropriate facilities.

(c-e) The flow of mail from CSFs and P&DFs through Parent P&DCs for subsequent dispatch to ADCs, which, in turn, dispatch the mail to the final Destination SCF, has been previously documented in the PowerPoint Presentation on record as part of DFC-LR-1, and in response to OCA/USPS-12 [a]. However, there are intermediate facilities through which mail, in some instances, may travel. These intermediate facilities are in the HASP Network, and their function is described below:

As previously described in response to DBP/USPS-80 [a & b], HASP stands for “Hub and Spoke Program”. These facilities handle surface mail,

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Response to DBP/USPS-4 (continued):

primarily for 2-day committed mail, but they also handle 3-Day surface mail. The HASP includes a central point ("hub") where mail for a group of offices ("spokes") can be unloaded from a series of incoming trips, massed according to their intended destination, and then sent on to that destination on another trip. Savings are realized because each trip does not have to drive to each individual office or "spoke" to drop off just a portion of its total load capacity. We currently have 12 facilities around the country in the HASP Network, and they work in conjunction with our P&DCs, P&DFs, CSFs, ADCs, AADCs and SCFs, in the manner described in the above definition. Facilities which are designated as only "HUBs" do not perform the "massing" activity described above for a HASP, as that work is done in advance by the Origin dispatching facility, and the role of the HUB is to primarily "cross-dock" the "already-segregated" mail to appropriate destination dispatches. Currently, the HASP Network facilities are located as follows:

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Response to DBP/USPS-4 (continued):

BINGHAMTON HASP
BINGHAMTON NY 13902-9998

BRONX HASP
BRONX NY 10465-9799

BUSSE SURFACE HUB
ELK GROVE VILLAGE IL 60007-9997

CAPITAL METRO HASP
LANDOVER, MD 20785-1611

HARRISBURG HASP
HARRISBURG PA 17107-9997

INDIANAPOLIS HASP
INDIANAPOLIS IN 46241-3737

NEW JERSEY HASP
CATHERET NJ 07008-1112

NORTHERN HASP
WESTBOROUGH MA 01581-3349

SOUTHEAST AREA HASP
CLINTON, TN 37716-6762

SOUTHWEST AREA HASP
DALLAS, TX. 75261-0606

SACRAMENTO SURFACE HUB
SACRAMENTO, CA 95815-9998

VAN NUYS SURFACE HUB
VAN NUYS, CA 91409-9998

(f)

N/A

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DBP/USPS-9

Please refer to Paragraph 18 of the Gannon Declaration as it relates to two objectives.

- (a) Please provide the Postal Service's definition of "consistency" as it existed during Docket N89-1. Please respond to this interrogatory without requiring me to have a copy of the N89-1 data.
- (b) Please provide the Postal Service's current definition of "consistency."
- (c) Please discuss the reasons for implementing any changes that were made between the two definitions.
- (d) Please provide the Postal Service's definition of "2-Day service standard" as it existed during Docket N89-1. Please respond to this interrogatory without requiring me to have a copy of the N89-1 data.
- (e) Please provide the Postal Service's current definition of "2-Day service standard".
- (f) Please discuss the reasons for implementing any changes that were made between either of the two definitions.

RESPONSE:

- (a) Copies of the testimonies of the Postal Service's Docket No. N89-1 witnesses can be accessed via the PRC website (Archives search function). Accordingly, it will not be necessary for you to "have" copies of those documents in order to develop an understanding of the manner in which the concept of "consistency" was discussed by USPS witnesses Lazerowitz (USPS-T-1 at 11-15) and Potter (USPS-T-2 at 21-24) and Shipman (USPS-T-3 at 6-10).

See also, the Docket No. N89-1 responses of witness Lazerowitz to OCA/USPS-T1-2 through 4; Tr. 2/92-94, copies of which are attached.

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RESPONSE to DBP/USPS-9 (continued):

- (b) Nothing has changed to warrant a materially different "definition."
- (c) N/A.
- (d) Please see the documents referenced above in response to subpart (a).

Also see PRC Op. N89-1 at page 5.
- (e) See response to subpart (d) above. Also, refer to the Postal Service's Docket No. C2001-3 response to DFC/USPS-CMG-2.
- (f) No change has been implemented. The decision to rely more on more surface transportation in lieu air transportation to effect 2-day service is explained in the July 30, 2001, Gannon Declaration.

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DBP/USPS-17

- (a) Please advise those Origin-Destination ZIP Code pairs where air transportation is utilized to transport mail which has an overnight delivery service. For each of these pairs, indicate whether or not the use of surface transportation would have resulted in two or more day service.
- (b) Please advise those Origin-Destination ZIP Code pairs where air transportation is utilized to transport mail which has a 2-Day delivery service. For each of these pairs, indicate whether or not the use of surface transportation would have resulted in three or more day service.

RESPONSE:

- (a) Air transportation is utilized to transport overnight First-Class Mail between the mainland and islands in the Great Lakes and off the coast of Massachusetts. Surface transportation between these islands and the mainland exists, although the degree of frequency and availability is seasonal in nature and affected by adverse winter weather more than air transportation.
- (b) Every First-Class Mail 2-day service standard is established with the expectation that surface transportation can be used to effect 2-day delivery. Air transportation is used instead for specific 2-day origin-destination pairs when it is more economical to do so and where adequate air service is available. A list of 3-digit origin-destination ZIP Code pairs between which air transportation is being provided is being generated and will be filed in USPS Library Reference C2001-3/9. All Zip Code pair destinations for which air transportation is utilized meet the same criteria as other 2-day pairs in that the destinations are within reasonable reach of surface transportation. Therefore, the use of surface transportation would not be expected to result in another day or more added to delivery times.

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DBP/USPS-21.

Please provide three separate responses to this interrogatory. The first to indicate the conditions that existed at the time of Docket N89-1; the second to indicate the current Postal Service policy; and the third to explain and discuss any differences between the first two responses.

- (a) To what extent should the existence of adjacent with contiguous borders 3-digit ZIP Code areas exist with a service standard of 3-Days between them (this would mean that “next-door neighbors” would have 3-Day delivery service standards between them)?
- (b) To what extent do local postal facilities circumvent the normal processing plan and exchange mail with that adjacent area so as to achieve overnight service in those instances where it would normally be three days?

RESPONSE:

(a) To an extent reasonable under the circumstances, taking into account the configuration of the mail processing network at the time and the degree to which economies of scale are applied to mass mail for processing and transportation in an economical and efficient manner from origin to destination, and where such considerations can outweigh other factors, the Postal Service has maintained adjacent 3-digit ZIP Code areas with 3-day service standards over the last several decades.

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DBP/USPS-26

In regard to the Service Commitments / performance goals for First-Class Mail, with regard to the delivery standards realignment that took place as a result of Docket N89-1 along with the experimental [which became permanent on September 23, 1989] realignment that took place prior to that in the Metropolitan New York City area, what percentage of the mail profile prior to that Docket and experiment shifted from:

- (a) one-day to two-day delivery,
- (b) one-day to three-day delivery,
- (c) two-day to one-day delivery,
- (d) two-day to three-day delivery,
- (e) three-day to one-day delivery, and
- (f) three-day to two-day delivery?
- (g) What were the purposes of this realignment?
- (h) Did this realignment result in an increase in or a savings of costs associated with the mail processing and transportation (or any other areas)?
- (i) If so, provide the yearly change in costs for each year since the change.
- (j) Did this realignment result in a change in the consistency of mail delivery?
- (k) If so, provide the data for each year since the change.
- (l) Is there a specific request to the mailing public at regular intervals to inquire about potential changes desired in delivery standards?
- (m) If so, explain and provide details. If not, explain why not.

RESPONSE:

- (a-f) Other than files generated during the course of the litigation of Docket No. N89-1, which made projections about the timetable for implementation and its

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RESPONSE to DBP/USPS-26 (continued):

potential impact , the Postal Service has been unable to locate responsive records from the early 1990's related to the implementation of Phases 1 and 2 of the realignment plan. No records can be located which measure the actual impact of the implementation of Phase 1 or the actual impact of the implementation of the initial stage of Phase 2 in the early 1990's. During Docket No. N89-1, it was projected, of total First-Class Mail, that 5-15 percent could shift from overnight to 2-day; 5-10 percent could shift from 2-day to 3-day; and that some mail would shift in the other direction.

- (g) The stated purposes of the realignment are summarized in PRC Op. N89-1, as well as the Docket No. N89-1 testimonies referenced in response to DBP/USPS-9(a) and at pages 6-7 of the July 30, 2001, USPS Motion to Dismiss filed in the instant proceeding .
- (h) See the response to OCA/USPS-11.
- (i) See the response to OCA/USPS-11.
- (j&k) See the response to (a) above. No records been located that reflect any analysis of a before-and-after change in consistency.
- (l) No.
- (m) None has been deemed necessary.

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DBP/USPS-44

Please refer to your response to DBP/USPS-26 subpart m, please provide specific details why the Postal Service feels that it is not important to obtain public input regarding service standards.

RESPONSE:

The Postal Service does not consider public input unimportant. The Postal Service did not implement a formal process for obtaining direct public input in conjunction with the 2000 and 2001 changes for several reasons. There was no need to seek public input to establish a standard for defining how “reasonable reach by surface transportation” would be applied to identify two-day service destinations. That determination was a purely operational one and did not require that mailers be surveyed to determine what destinations they thought were within “reasonable reach by surface” from a particular origin. Second, because the Postal Service considered that the general quality of commercial air transportation service to which First-Class Mail was subjected was a significant contributor to the lack of consistency in First-Class Mail service, the Postal Service did not consider it necessary to survey the public to determine which mode of transportation should be utilized to transport First-Class Mail between specific origin-destination pairs to improve consistency.

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DBP/USPS-51

The EXFC results for 2001 PQ4 covering May 19, to September 7, 2001 shows that 93.96% of the nation's mail scheduled for overnight delivery arrives on time. [a] Does this show reliable and consistent mail service? [b] Please provide your reasons for the response to subpart a. [c] Please explain the reasons why 6.04% of the mail does not arrive on time [provide a relative level of significance of each of the reasons].

RESPONSE:

- (a) Yes.
- (b) The Postal Service regards this figure to reflect very reliable and consistent service because a very high percentage of mail is delivered within standard.
- (c) The Postal Service has not conducted an analysis which would permit it to declare the relative significance of each reason why six percent of the test mail pieces were not delivered within standard in 2001 Q4.

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DBP/USPS-52

The EXFC results for 2001 PQ4 covering May 19, to September 7, 2001 shows that 86.08% of the nation's mail scheduled for 2-Day delivery arrives on time. [a] Does this show reliable and consistent mail service? [b] Please provide your reasons for the response to subpart a. [c] Please explain the reasons why 13.92% of the mail does not arrive on time [provide a relative level of significance of each of the reasons].

RESPONSE:

- (a) Yes, but to a lesser degree than for 2-day mail, and suggesting twice as much room for improvement.
- (b) In relation to the overnight score, the Postal Service regards this 2-day score to reflect less reliable and consistent service because it is lower than the overnight on-time percentage delivered within standard during this time frame.
- (c) The Postal Service has not conducted an analysis which would permit it to declare the relative significance of each reason why 13 percent of the test mail pieces were not delivered within standard in 2001 Q4.

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DBP/USPS-53

The EXFC results for 2001 PQ4 covering May 19, to September 7, 2001 shows that 83.18% of the nation's mail scheduled for 3-Day delivery arrives on time. [a] Does this show reliable and consistent mail service? [b] Please provide your reasons for the response to subpart a. [c] Please explain the reasons why 16.82% of the mail does not arrive on time [provide a relative level of significance of each of the reasons].

RESPONSE:

- (a) Yes, but to a lesser degree than for overnight mail, and suggesting 2.5 times as much room for improvement.
- (b) In relation to the 2-day score, the Postal Service regards this 3-day figure to reflect slightly less reliable and consistent service because it is slightly lower than the 2-day on-time percentage delivered within standard during this time frame.
- (c) The Postal Service has not conducted an analysis which would permit it to declare the relative significance of each reason why nearly 17 percent of the test mail pieces were not delivered within standard in 2001 Q4.