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

**Complaint on First-Class Mail
Service Standards**

Docket No. C2001-3

**DOUGLAS F. CARLSON
INITIAL BRIEF**

August 12, 2004

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1 **I. INTRODUCTION**

2 The changes in First-Class Mail service standards that the Postal Service
3 implemented in 2000 and 2001 without public input, and without obtaining an
4 advisory opinion from the Commission, are inconsistent with several provisions of
5 the Postal Reorganization Act. The Commission should issue a public report
6 describing these problems and recommending that the Postal Service review the
7 service standards and restore two-day service standards for some or all areas.

8 The Postal Reorganization Act prescribes fundamental policies governing
9 postal operations. These policies are mandatory. The Postal Service cannot
10 choose to implement some and ignore others. However, in changing First-Class
11 Mail service standards in 2000 and 2001, the Postal Service in fact violated
12 several statutory mandates. As a consequence, the quality of First-Class Mail
13 service deteriorated in a manner inconsistent with the law.

14 The changes in service standards implicate several statutory provisions
15 and the policies associated therewith. Each policy violation individually provides
16 the Commission with jurisdiction, pursuant to 39 U.S.C. § 3662, to hear this
17 complaint.

18 This initial brief specifically incorporates my direct testimony, DFC-T-1,
19 and my rebuttal testimony, DFC-RT-1. Many details and explanations supporting
20 the conclusions in this brief appear in my testimony. For brevity, I will provide
21 citations to relevant sections of my testimony, rather than repeating many of the
22 explanations here.

23 **II. SERVICE STANDARDS MODEL**

24 The evidence in this proceeding demonstrates that the Postal Service
25 implemented a new national model for two-day and three-day First-Class Mail
26 service standards in 2000 and 2001. The new model differed significantly from
27 the model, or philosophy, underlying the previous service standards. The Postal
28 Service designed and implemented this model with little or no consultation with

1 customers, no advance notice to the public, and no request for an advisory
2 opinion from the Commission.

3 The extensive record in this case provides ample explanation of the
4 operation of the new model for service standards. The essential characteristics
5 of the model, with citations to my testimony for further detail, are:

- 6 1. The volume of mail and the needs of customers were irrelevant to the
7 Postal Service's determination of whether the service standard
8 between a city pair would be two days or three days. DFC-T-1 at 12–
9 14.
- 10 2. The availability of air transportation to achieve a two-day delivery
11 standard was irrelevant to the Postal Service's determination of
12 whether the service standard between a city pair would be two days or
13 three days. *Id.* at 14–16.
- 14 3. Three-day delivery within the same state¹ and three-day delivery for
15 bordering regions became permissible results,² as did nonreciprocal
16 service standards. *Id.* at 29–30.
- 17 4. The Postal Service established national clearance times (CT's) and
18 critical entry times (CET's) for two-day mail. Under a national CT, no
19 originating P&DC may clear its originating two-day mail after the CT.
20 The national CT is 02:30. With a national CET, no Area Distribution
21 Center (ADC) may require two-day mail destined to that ADC to arrive
22 prior to the CET. The CET is 18:00. In addition, the Postal Service
23 established an estimated time of arrival (ETA) for surface transporta-
24 tion. No ETA for an ADC could be calculated for later than 17:00 to
25 maintain two-day delivery service. The extra hour between 17:00 and

¹ For example, the service standard for mail from San Francisco to San Diego is three days.

² The service standard for mail from SCF Redding CA 960 to SCF Medford OR 975 and SCF Klamath Falls OR 976 is one day. The service standard in the reverse direction, for these adjacent geographic areas, is three days. The service standard between some cities in Mono County, California, is three days. DFC-T-1 at 30.

1 18:00 existed simply to maintain the possibility of a two-day service
2 standard in the rare case in which air transportation was used, and the
3 mail would arrive between 17:00 and 18:00. *Id.* at 18–29 and DFC-
4 RT-1 at 1–2.

5 5. The Postal Service used a computer program to project the drive time
6 by truck between each origin parent P&DC and destination ADC. If
7 the projected drive time was 12.049 hours or less, the Postal Service
8 considered the destination eligible for a two-day service standard. If
9 the drive time was 12.05 hours or more, the Postal Service considered
10 the destination eligible for a three-day service standard. DFC-T-1 at
11 16.

12 6. When the computer-projected truck drive time is more than 12 hours,
13 the Postal Service continues to impose a three-day service standard
14 even if the mail *actually* is scheduled to arrive at the destination ADC
15 before the CET of 18:00. *Id.* at 16–17 and DFC-RT-1 at 2–3.

16 7. The projected drive time by truck dictated the service standards, even
17 if the Postal Service used, or continues to use, air transportation to
18 transport the mail. DFC-T-1 at 18.

19 8. The Postal Service used a projected drive time by truck from the origin
20 parent P&DC to the destination ADC, even if the origin P&DC
21 performed SCF-level sortation, thus allowing the mail to bypass
22 sortation at the ADC, and even if the mail from the origin P&DC was
23 transported directly to the destination P&DC without a stop at the
24 destination ADC.³

³ An example is mail from San Diego to Northern California. Mail from San Diego to San Jose and from San Diego to Oakland travels directly to the P&DC without a stop at the ADC. DFC/USPS-GAN-64.

1 In some cases involving the pseudo-ADC's in California, the destination P&DC
2 used for the projection of the 12-hour drive time is not the P&DC that actually
3 processes the mail for that destination ADC. DFC-T-1 at 18–30.

4 **III. THE CHANGES IN SERVICE STANDARDS REPRESENT A FAILURE BY THE POSTAL**
5 **SERVICE TO PROVIDE EFFICIENT POSTAL SERVICES.**

6 Section 3661(a) requires the Postal Service to provide efficient postal
7 services. 39 U.S.C. § 3661(a) (1980). To meet this requirement, the agency
8 must provide the best possible service within a particular set of operating
9 parameters. For example, the Postal Service determined that mail scheduled for
10 two-day delivery must arrive at a destination ADC by the critical entry time (CET)
11 of 18:00.⁴ The Postal Service will not be providing efficient service if it assigns a
12 three-day delivery standard to mail that is regularly scheduled to arrive by the
13 CET of 18:00. In this case, two-day service would be possible. If a service is
14 possible within established operating parameters, to meet the statutory
15 requirement of efficiency the Postal Service must provide this service.

16 The continued availability of airplanes, both commercial airline service and
17 dedicated cargo service, also should be included in the baseline set of operating
18 parameters against which efficiency is judged. By shifting two-day mail from air
19 transportation to ground transportation, the Postal Service is failing to use air
20 transportation, an efficient means of transporting mail and providing customers
21 with faster delivery service.

22 In my testimony, I explained that mail from Reno to Southern California
23 travels to the Los Angeles P&DC, which is the P&DC that processes mail for the
24 three Southern California ADC's — ADC Los Angeles CA, ADC Twin Valley CA,
25 and ADC Sequoia CA. The truck drive time from Reno to the Los Angeles P&DC
26 is more than 12 hours, so the service standard is three days for mail destined to
27 ADC Los Angeles CA. However, for ADC Twin Valley CA, the computer mapped

⁴ The model actually used an estimated time of arrival (ETA) of 17:00 to calculate two-day service standards. See USPS-T-1 at 3–5, revised March 15, 2004. However, the CET of 18:00 remains the final time by which mail would need to arrive to meet a two-day delivery standard. See *Id.* and DFC-RT-1 at 1–3, filed May 27, 2004.

1 the drive time to the Santa Clarita P&DC, which is less than 12 hours from Reno.
2 Therefore, the service standard to ADC Twin Valley CA is two days. The Postal
3 Service could provide a two-day service standard for ADC Los Angeles CA
4 because the mail destined to ADC Los Angeles CA is arriving at its destination
5 P&DC earlier than the ADC Twin Valley CA mail will eventually arrive at its
6 destination P&DC. See DFC-T-1 at 24–30. A three-day service standard to ADC
7 Los Angeles CA is not efficient.

8 Mail from San Francisco to San Diego arrives at the San Diego P&DC at
9 17:30, 30 minutes prior to the CET of 18:00. Yet the service standard is three
10 days because the computer-projected truck drive time is slightly more than 12
11 hours. DFC-T-1 at 16–17; DFC/USPS-GAN-64. Meanwhile, mail from San Jose
12 to San Diego arrives at the San Diego P&DC at 18:30, 30 minutes *after* the CET.
13 The service standard is two days because the computer-projected truck drive
14 time is less than 12 hours. *Id.* at 17. DFC/USPS-GAN-64. In summary:

	Origin P&DC	Arrival Time at San Diego P&DC	Service Standard
15			
16			
17	San Francisco	17:30	3 days
18	San Jose	18:30	2 days

19 The mail that arrives in San Diego *earlier* has the lower service standard.

20 Matters of mere convenience or strict conformity to a national model are
21 not a justification for failing to provide efficient service. This conclusion should be
22 intuitive because, in these examples, the mail may unnecessarily linger in a
23 postal facility for an extra day. Or it may be delivered in two days, but some
24 customers surely needlessly will have upgraded to more-expensive services
25 such as Priority Mail, Express Mail, or a competitor's expedited service to
26 achieve delivery in two days. Rarely does a delivery company perform efficiently
27 when it allows material entrusted to it for delivery to sit idle longer than necessary
28 or when it causes customers to spend extra money unnecessarily because it
29 predicts a slower service than it actually provides.

1 Another example of inefficiency is the Postal Service's insistence on three-
2 day service standards even if the Postal Service still uses air transportation to
3 transport the mail. The service standard remains three days if the truck drive
4 time exceeds 12.049 hours, even though truck travel time is irrelevant.

5 Nonreciprocal service standards are another sign that the Postal Service
6 is not operating efficiently. See DFC-T-1 at 29–30.

7 The concept of efficiency stated in section 3661(a) extends beyond
8 internal considerations. Efficiency encompasses the effects of Postal Service
9 policies and services on the public and society. In the previous example, if the
10 Postal Service is able, within established operating boundaries, to provide two-
11 day service, but the Postal Service chooses to provide three-day service instead,
12 the Postal Service needlessly induces customers to spend extra money on
13 higher-level services such as Priority Mail, Express Mail, or overnight and two-
14 day services provided by competitor delivery companies. When customers
15 select these higher-level services, societal resources are needlessly expended
16 on costly processing and transportation networks when basic First-Class Mail
17 service could provide the same service at a lower cost. At the same time, the
18 existing processing and transportation infrastructure for First-Class Mail will be
19 underutilized.

20 In the context of the previous example, the concept of efficiency assumes
21 an added and even more-serious dimension when one considers the Postal
22 Service's monopoly over First-Class letter mail. When the Postal Service elects
23 to reduce the level of First-Class Mail service, postal customers, by definition,
24 have no alternative, comparably priced service. Instead, the Postal Service's
25 action forces customers to pay for another service that, at minimum, may cost
26 them more than *10 times* the rate for a one-ounce First-Class letter.⁵ Moreover,
27 some postal customers, including the urban poor and elderly people on fixed
28 incomes, cannot afford to upgrade to Priority Mail, let alone Express Mail or

⁵ The lowest rate for Priority Mail is \$3.85.

1 another service, to obtain two-day delivery. Thus, inefficiencies in postal delivery
2 operations can have serious consequences for some customers. Unfortunately,
3 the Postal Service's attitude toward complaints about changes in service
4 standards seems to be to tell customers simply to mail their letters one day
5 earlier and to stop complaining. See USPS-T-1 at 5, lines 9–11.

6 **IV. THE POSTAL SERVICE FAILED TO GIVE THE HIGHEST CONSIDERATION TO THE**
7 **MOST-EXPEDITIOUS COLLECTION, TRANSPORTATION, AND DELIVERY OF**
8 **IMPORTANT LETTER MAIL, AND THE POSTAL SERVICE FAILED TO GIVE HIGHEST**
9 **CONSIDERATION TO THE PROMPT AND ECONOMICAL DELIVERY OF ALL MAIL.**

10 Section 101(e) states:

11 In determining all policies for postal services, the Postal Service shall give
12 the highest consideration to the requirement for the most expeditious
13 collection, transportation, and delivery of important letter mail.

14 39 U.S.C. § 101(e) (1980). Section 101(f) states:

15 In selecting modes of transportation, the Postal Service shall give highest
16 consideration to the prompt and economical delivery of all mail and shall
17 make a fair and equitable distribution of mail business to carriers
18 providing similar modes of transportation services to the Postal Service.

19 39 U.S.C. § 101(f) (1980). These sections contain a powerful mandate to the
20 Postal Service. According to section 101(e), not only must the Postal Service
21 provide expeditious transportation and delivery of important letter mail, but the
22 Postal Service also must give *highest* consideration to this requirement in
23 determining *all* policies for postal services. These sections clearly apply to
24 establishment of and changes in service standards for First-Class Mail.
25 Moreover, no other factors, no matter how meritorious, can receive greater
26 consideration than expeditious transportation and delivery of important letter
27 mail.

28 The Postal Service's decision to abandon the use of air transportation for
29 two-day mail is the clearest example of the agency's failure to give the highest
30 consideration to the requirement to provide the most-expeditious transportation

1 and delivery of important letter mail. Even if air transportation did not meet the
2 Postal Service’s nebulous definition of consistency, the Postal Service was
3 required to give the *highest consideration* to the *most-expeditious* transportation
4 and delivery of important letter mail. “Speed” and “expeditious” are similar
5 concepts; “consistency” and “expeditious” are not. By law, speed is more
6 important than consistency. See DFC-T-1 at 31–37.

7 Moreover, by choosing ground transportation over air transportation for
8 two-day mail, the Postal Service failed, in selecting modes of transportation, to
9 give highest consideration to the prompt and economical delivery of all mail, as
10 section 101(f) requires. Even if commercial air transportation did not previously
11 meet the Postal Service’s definition of consistency, it still was faster, and more
12 prompt, than surface transportation.

13 Section 101(e) interacts with the efficiency requirement in section 3661(a).
14 As I explained previously, if the Postal Service could be providing two-day
15 delivery service within established operating parameters but instead is providing
16 only three-day service, the Postal Service is not providing efficient service. If the
17 Postal Service is not providing efficient service, it probably is not giving highest
18 consideration to the most-expeditious transportation and delivery of important
19 letter mail, either.

20 In some instances, the changes in service standards have been a disaster
21 by any measure. In addition to slowing mail delivery, in 64 of 255 origin-
22 destination pairs, the on-time percentage — based on a three-day service
23 standard — decreased. DFC-T-1 at 34.

24 **V. THE POSTAL SERVICE MAY NOT BE PROVIDING ADEQUATE POSTAL SERVICES.**

25 The Postal Service must provide adequate postal services. 39 U.S.C.
26 § 3661(a) (1980). In general, the Postal Service can fulfill this requirement by
27 meeting the needs of its customers. The Postal Service risks violating this
28 requirement when it changes postal services without considering the needs of its
29 customers.

1 The Postal Service implemented the changes in service standards in 2000
2 and 2001 without considering the needs of customers. See DFC-T-1 at 12–14.
3 In Docket No. N89-1, the Postal Service considered a volume of mail from an
4 origin P&DC to a destination ADC of at least 0.5 percent of the originating
5 P&DC’s volume to be significant enough to warrant consideration for two-day
6 delivery. PRC Op. N89-1 at 8–9. My review of volume data provided under
7 protective conditions in USPS-LR-10 suggests that an originating P&DC’s
8 volume to a destination ADC continues to be noteworthy starting at about 0.5
9 percent of the originating P&DC’s volume. Particularly in the western states,
10 many city pairs that meet this volume threshold were downgraded to a three-day
11 service standard. DFC-T-1 at 12–14. The Postal Service may not be meeting
12 the needs of its customers.

13 **VI. THE POSTAL SERVICE FAILED TO REQUEST AN ADVISORY OPINION,**
14 **AS THE LAW REQUIRED.**

15 Section 101(a) recognizes that postal services are a basic and
16 fundamental service that the government provides to the people. Congress also
17 recognized that changes in the nature of postal services may have a profound
18 effect on the public. Therefore, section 3661(b) requires the Postal Service to
19 request an advisory opinion from the Commission prior to implementing a change
20 in the nature of postal services that will generally affect service on a nationwide
21 or substantially nationwide basis. Section 3661(c) requires the Commission to
22 provide a public hearing on the record and to ensure that the interests of the
23 general public are represented.

24 The Postal Service violated this statute by failing to request an advisory
25 opinion from the Commission before implementing widespread changes in First-
26 Class Mail service standards that changed the nature of postal services, to
27 varying degrees, in 48 states. Not only did the Postal Service deny the public an
28 opportunity to provide input, but the Postal Service also implemented the
29 changes with no effective notice to the public. The following evidence supports

1 the conclusion that the Postal Service was required to obtain an advisory opinion
2 from the Commission before implementing these changes in service standards.

3 First, the Postal Service admits that the changes in service standards
4 affected 48 states. Complaint at 11, ¶ 50; Answer at 15, ¶ 50. The only states
5 that were not affected by the changes implemented in 2000 and 2001 were
6 Alaska and Hawaii. *Id.* The scope was nationwide.

7 Second, the Postal Service changed the service standards for over 76,440
8 origin-destination three-digit ZIP Code pairs affecting all 11 postal areas.⁶
9 Complaint at 11, ¶ 49; Answer at 15, ¶ 49. The delivery speed of a significant
10 volume of two-day and three-day First-Class Mail changed, thus changing the
11 nature of First-Class Mail service.

12 Third, the changes in First-Class Mail service standards affected
13 approximately nine percent of three-digit ZIP Code pairs nationwide. Complaint
14 at 12, ¶ 57; Answer at 16, ¶ 57. Although the changes in First-Class Mail service
15 standards affected approximately nine percent of three-digit ZIP Code pairs
16 nationwide, the changes affected substantially more than nine percent of the
17 three-digit ZIP Code pairs that could reasonably have been considered for
18 changes in two-day or three-day service standards. First, the ZIP Code pairs in
19 an origin SCF's overnight delivery area were not candidates for switching
20 between two days and three days. Second, certain three-digit ZIP Codes in the
21 nearby two-day delivery area did not reasonably constitute candidates for a
22 change to a three-day standard. Third, and most importantly, a large number of
23 three-digit ZIP Codes represented a distance too far to be considered for
24 inclusion in the two-day delivery area. For example, for origin SCF's in the New
25 York Metro Area, SCF's in the Pacific Area and Western Area — as well as other
26 areas — would not reasonably have been candidates for conversion to two-day
27 delivery. Therefore, the changes in First-Class Mail service standards represent
28 changes to significantly greater than nine percent of the origin-destination pairs

⁶ After the changes were implemented, the Postal Service reorganized the areas, eliminating two.

1 that could reasonably have been considered possible candidates for switching
2 between a two-day service standard and a three-day service standard.

3 Fourth, except for Alaska, Hawaii, and the Caribbean, the changes affect
4 100 percent of the ZIP Codes listed in the 2001 *National Five-Digit ZIP Code and*
5 *Post Office Directory*. See DFC-LR-1. That is, 100 percent of the ZIP Codes
6 were affected one way or another by at least one change in service standards.

7 Fifth, the changes in First-Class Mail service standards shifted over 3.4
8 billion pieces of mail per year from a two-day delivery standard to a three-day
9 delivery standard. Complaint at 11, ¶ 53; Answer at 15, ¶ 53. The changes in
10 service standards resulted in a net increase of approximately 22,250 origin-
11 destination three-digit ZIP Code pairs for which the service standard is two days.
12 *Id.* However, the net *volume* of First-Class Mail subject to a two-day delivery
13 standard instead of a three-day delivery standard decreased by approximately
14 1.5 billion pieces per year. *Id.* Commission jurisdiction attaches regardless of
15 whether changes in service improve or worsen service.

16 Moreover, the effect on postal customers residing in the western states
17 (excluding Texas), which are home to 22 percent of our country's population, was
18 devastating. As the Postal Service admits, over 99 percent of the changes in the
19 Pacific Area were downgrades from two days to three days. Complaint at 11–12,
20 ¶ 54 and Answer at 16, ¶ 54. Over 79 percent of the changes in the Western
21 Area were downgrades from two days to three days. Complaint at 12, ¶ 55;
22 Answer at 16, ¶ 55. Appendix 1 of my complaint provides maps detailing the
23 sweeping effect of some of these changes. See *also* Complaint at 5, ¶ 23.

24 Sixth, the Postal Service changed the criteria for two-day delivery.
25 According to the Postal Service in Docket No. N89-1, “[p]erhaps the most
26 important aspect” of determining the two-day delivery area would be “to identify
27 the major business centers where business customers need two-day delivery.”⁷

⁷ Every mailing relationship involves two customers (unless a mailer is sending mail to himself). Therefore, as long as either the mailer or recipient is a business, and as long as the business customer needs two-day service, this criterion is satisfied. Thus, a remittance

1 Docket No. N89-1, Direct Testimony of Seymour A. Lazerowitz on Behalf of the
2 United States Postal Service (“Lazerowitz Testimony”) at 22–23; *see also*
3 Complaint at 7, ¶ 33, and Answer at 8–9, ¶ 33. The testimony suggests that two-
4 day delivery should be provided when reliable air transportation exists and
5 business customers need two-day delivery.⁸ Lazerowitz Testimony at 22–23.
6 The testimony further suggests that customer input also may be considered. *Id.*
7 The essence of witness Lazerowitz’s testimony appeared in the *National Five-*
8 *Digit ZIP Code and Post Office Directory* (“ZIP Code Directory”) as recently as
9 2001. The ZIP Code directory states, “Second-day delivery is scheduled for
10 locally designated areas nationwide to which 2-day delivery is needed and to
11 which transportation is available for consistent achievement of 2-day delivery.”
12 ZIP Code Directory at 9-3.

13 The Commission’s advisory opinion, issued at the conclusion of the
14 proceeding, confirmed witness Lazerowitz’s description of the two-day service
15 standard. The advisory opinion stated that the Postal Service would continue to
16 provide two-day delivery “where ‘significant business/mail volume relationships
17 exist[.]’” PRC Op. N89-1 at 7 (quoting USPS-T-1 at 11). Later, the advisory
18 opinion confirmed Postal Service “guidelines” stating that two-day delivery is to
19 be provided to (1) “‘all (or part, where justified) of the home state and nearby
20 states’ if within reasonable reach of surface transportation” and (2) “locally
21 identified, major business centers.” *Id.* at 8. Elaborating on guideline (2), the
22 Commission further explained that “two-day delivery may be provided to other
23 areas outside the reach of surface transportation ‘if significant business/mail
24 volume relationships exist’ and dependable and timely air transportation is
25 available.” *Id.* Finally, the Commission recited another significant guideline:
26 “[A]ny destination Area Distribution Center which receives 0.5 percent of a
27 facility’s originating volume should be considered for two-day service.” *Id.* at 8–9.

processor who needs and benefits from two-day delivery of remittance payments from non-business mailers causes all the mail sent to this remittance processor to satisfy this criterion.

⁸ The two-day delivery area also includes nearby delivery areas that lie outside the origin SCF’s overnight delivery area. These two-day areas did not change. This discussion focuses on the two-day delivery areas that may require air transportation to achieve two-day delivery.

1 As I explained at pages 2–4, *supra*, the Postal Service abandoned the
2 previous criteria for two-day delivery service. The needs of customers and
3 volume of mail are now irrelevant. The *only* relevant factor is whether the truck
4 drive time projected by computer is more than 12.05 hours. Although under the
5 previous service standards existence of reliable air transportation was relevant
6 only for two-day delivery areas that did not meet the 0.5-percent threshold, PRC
7 Op. N89-1 at 8–9, the Postal Service has never demonstrated that reliable air
8 transportation is unavailable between cities in the western states, such as
9 Oakland and Seattle. This formulaic approach to service standards changed the
10 nature of postal services by defining First-Class Mail delivery standards based on
11 convenience to the Postal Service, rather than the needs of customers.

12 **VII. CONFORMITY TO THE MODEL IS NOT THE LEGAL STANDARD BY WHICH THE**
13 **COMMISSION SHOULD JUDGE THE VALIDITY OF THE SERVICE STANDARDS.**

14 Throughout this proceeding, the Postal Service has tried to explain away
15 every anomaly by demonstrating that the anomaly is consistent with the national
16 model. For example, as I explained at 5, *supra*, the service standards for mail to
17 San Diego from San Francisco and San Jose are three days and two days,
18 respectively, even though the mail from San Francisco arrives in San Diego
19 earlier than the mail from San Jose. Mr. Gannon would find no fault with these
20 results because the service standards are based on projected truck drive times,
21 and the projected truck drive time from San Francisco exceeds 12.05 hours,
22 while the projected truck drive time from San Jose is 12.049 hours or less.
23 Witness Gannon believes that all service standards should remain as originally
24 modelled, regardless of actual transportation realities, unless the model is
25 changed. See DFC/USPS-T1-15.

26 Conformity to a national model that was designed in secret at Postal
27 Service headquarters, with no opportunity for public input, is not the legal
28 standard by which the Commission should judge the new service standards.
29 Rather, the Commission must judge the new service standards under the policies
30 of the Postal Reorganization Act, as discussed in this brief.

1 In the case of mail from San Francisco to San Diego, rather than asserting
2 that the service standard should remain three days because a three-day service
3 standard is consistent with the model, the Postal Service, if it were providing
4 efficient postal services, would change the service standard to two days because
5 the Postal Service obviously could provide two-day service with its current
6 resources. The correct question that the Postal Service should be asking itself
7 is, “Can we provide two-day mail service in this situation?”, not “Is this result
8 consistent with the model?” The Postal Service is failing to capitalize on
9 opportunities to improve service when mail with a three-day service standard is
10 arriving at the destination ADC or P&DC in time to be processed and delivered in
11 two days. I did not have the resources to submit and analyze discovery requests
12 for detailed transportation information, including truck arrival times, between
13 processing facilities throughout the country, so the examples that I uncovered in
14 California may be only the tip of the iceberg. A practical limitation of this
15 proceeding is a participant’s inability to examine national postal operations in
16 detail at the local level.

17 As another example of its blind adherence to its national model, the Postal
18 Service continues to use projected truck driving times to set service standards for
19 mail that actually travels by air — a methodology that is totally disconnected from
20 mail-processing realities. Using truck driving times to calculate service standards
21 for mail that travels by air is arbitrary and inefficient.

22 **VIII. CONCLUSION AND RECOMMENDATIONS**

23 In my testimony, I have explained and criticized the use of a 12-hour
24 computer-projected truck drive time as the determinant of service standards for
25 First-Class Mail. The Postal Service’s decision to abandon air transportation to
26 transport two-day mail violated sections 101(e) and 101(f). The Postal Service
27 violated section 101(e) by failing to give the highest consideration to the most-
28 expeditious transportation and delivery of important letter mail. The Postal
29 Service violated section 101(f) when it failed, in choosing ground transportation

1 instead of air transportation for two-day mail, to give highest consideration to the
2 prompt and economical delivery of all mail.

3 Through examples, I have shown the presence of illogical service
4 standards. These examples include nonreciprocal service standards between
5 cities, the interaction of the model with the pseudo ADC's in California, and
6 instances in which mail arrives at the destination ADC before the critical entry
7 time of 18:00, yet this mail is still assigned a three-day delivery standard. Also, in
8 the case of mail to San Diego from San Francisco and San Jose, the truck that
9 arrives *first* carries the mail with the three-day service standard.

10 The Commission's public report should recite the procedural and legal
11 flaws in the Postal Service's implementation of the changes in service standards.
12 In addition to the violations of sections 101(e) and 101(f), these flaws include the
13 Postal Service's failure to obtain an advisory opinion from the Commission
14 pursuant to section 3661(b) prior to implementing the changes in service
15 standards. In addition, the Postal Service is violating section 3661(a) by not
16 providing efficient postal services. When two-day delivery is possible, the Postal
17 Service must provide it. In the absence of efficient postal services, customers
18 are forced to take expensive and inefficient steps to send mail for which
19 customers need delivery in two days. Lastly, the Postal Service may not be
20 providing adequate service pursuant to section 3661(a), as the Postal Service
21 changed service standards from two days to three days between city pairs whose
22 volume exceeded the 0.5-percent threshold. The Postal Service has failed to
23 demonstrate the complete absence of reliable air transportation — commercial or
24 dedicated — to justify the extreme step of intentionally slowing mail delivery to
25 three days.

26 Participants have invested considerable effort in this proceeding for more
27 than three years. While the Postal Service fully deserves public criticism and
28 rebuke for its actions, ultimately this proceeding should serve to advise and
29 assist the Postal Service in correcting some of the problems. At minimum, based
30 on the evidence provided in my testimony and elsewhere in the record, the

1 Commission should recommend that the Postal Service take the following
2 actions:

- 3 1. Restore two-day delivery service in all instances in which existing
4 transportation that is currently in use permits two-day delivery. For
5 example, the truck from San Francisco to San Diego arrives at 17:30,
6 30 minutes prior to the critical entry time for two-day mail and one
7 hour before the truck carrying two-day mail from San Jose. This
8 service standard should be changed to two days;
- 9 2. Acknowledge problems with interactions between the pseudo-ADC
10 network in California and the nationwide model for service standards
11 and implement service improvements in California⁹;
- 12 3. Determine the needs of customers for two-day mail service between
13 cities to ensure provision of adequate service pursuant to section
14 3661(a);
- 15 4. Restore the use of air transportation to provide two-day service where
16 customer need exists;
- 17 5. Restore the use of air transportation between city pairs for which
18 service levels — average days to delivery and on-time delivery
19 percentage — declined after the change in service standards.
- 20 6. Evaluate whether the FedEx contract presents an opportunity to use
21 reliable dedicated air transportation for two-day service. As a starting
22 point, the Postal Service should consider using FedEx transportation

⁹ The Commission should discourage the Postal Service from rectifying discrepancies by lowering the standards. For example, in my complaint, when I pointed out that the service standard from Redding, California, to southern Oregon is overnight, but the service standard is three days in the reverse direction, Mr. Gannon declared that, if the Postal Service had expanded the scope of the changes in service standards to include overnight service standards, the service standard in both directions likely would have been three days. Declaration of Charles M. Gannon at ¶ 36. In other words, by lowering the quality of service in the northbound direction, the Postal Service would have viewed the problem as solved. Mr. Gannon also would “not have had a

1 to restore two-day delivery between city pairs whose volume exceeds
2 the 0.5-percent threshold.

3 7. Eliminate nonreciprocal service standards unless a compelling
4 operational need justifies them.

5 8. Eliminate three-day service standards for mail between adjacent areas
6 and within states.

7 9. Provide service-standard information on collection-box labels. DFC-T-
8 1 at 38–41.

9 10. Provide service-standard maps on the Postal Service Web site.
10 These maps should be similar to the useful and customer-friendly CD-
11 ROM's that the Postal Service provides to a small number of
12 customers upon request. *Id.* at 41. Samples appear in Exhibit 1 of my
13 complaint.

14 While the rapid development of Internet and other electronic communica-
15 tions renders the Postal Service's role in the 21st century somewhat uncertain,
16 one conclusion is inescapable: The Postal Service will not improve growth or
17 stem a decline in First-Class Mail volume by slowing delivery service. The
18 changes in service standards in 2000 and 2001 were a poorly timed step in the
19 wrong direction. The nation has a stake in fast and efficient First-Class Mail
20 service, and the Commission should issue a public report describing the
21 decisions by the Postal Service in 2000 and 2001 to weaken First-Class Mail
22 service and recommending corrective action.

problem" if the service standard from Reno to ADC Twin Valley CA had been three days instead of two days, thus resolving the situation described in my testimony at 24–30. DFC/USPS-T1-17.