

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

In the Matter of:)
)
COMPLAINT ON FIRST-CLASS)
MAIL SERVICE STANDARDS) Docket No. C2001-3

VOLUME #1

Designated Institutional Responses of
United States Postal Service and
Additional Designated Written
Cross-Examination of Witnesses
Gannon and Carlson

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ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Complaint on First-Class Mail
Service Standards

Docket No. C2001-3

DESIGNATION OF WRITTEN CROSS-EXAMINATION

<u>Party</u>	<u>Interrogatories</u>
<u>Douglas F. Carlson</u>	
Douglas F. Carlson (DFC-T-1)	
Office of the Consumer Advocate	OCA/DFC-T1-1-9
<u>United States Postal Service</u>	
Charles Gannon (USPS-GAN)	
Office of the Consumer Advocate	DFC/USPS-GAN-1-2, 4-6, 14-19, 21, 24, 29-30, 34-36, 52-59, 61-66 OCA/USPS-GAN-1
Charles Gannon (USPS-T-1)	
Douglas F. Carlson	DFC/USPS-T1-1-4, 6-10, 12-15, 17-19, 22-24, 26- 33 OCA/USPS-T1-4
Office of the Consumer Advocate	OCA/USPS-T1-1-5, 6a, 7b-c
Institutional	
Douglas F. Carlson	DBP/USPS-149 OCA/USPS-T1-6b, 9-11 redirected to USPS

Party

Office of the Consumer Advocate

Interrogatories

DBP/USPS-1b, d, 2b, d, 3-11, 13-19, 21a-b, 22-48, 51-57, 59-65, 66a, 67, 69-75, 77-78, 80-87, 89-106, 108-117, 118a-b, 123a-c, 124-135, 136a-c, 137-140, 142-145, 146a-e

DFC/USPS-2-8, 12-13, 15-16

DFC/USPS-GAN-3, 7-13, 20, 22-23, 25-28, 31-33, 37-39, 40b-c, 43-45, 47-51 redirected to USPS

OCA/USPS-1-15

Respectfully submitted,



Steven W. Williams
Secretary

INTERROGATORY RESPONSES
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

Douglas F. Carlson

Douglas F. Carlson (DFC-T-1)

OCA/DFC-T1-1	OCA
OCA/DFC-T1-2	OCA
OCA/DFC-T1-3	OCA
OCA/DFC-T1-4	OCA
OCA/DFC-T1-5	OCA
OCA/DFC-T1-6	OCA
OCA/DFC-T1-7	OCA
OCA/DFC-T1-8	OCA
OCA/DFC-T1-9	OCA

United States Postal Service

Charles Gannon (USPS-GAN)

DFC/USPS-GAN-1	OCA
DFC/USPS-GAN-2	OCA
DFC/USPS-GAN-4	OCA
DFC/USPS-GAN-5	OCA
DFC/USPS-GAN-6	OCA
DFC/USPS-GAN-14	OCA
DFC/USPS-GAN-15	OCA
DFC/USPS-GAN-16	OCA
DFC/USPS-GAN-17	OCA
DFC/USPS-GAN-18	OCA
DFC/USPS-GAN-19	OCA
DFC/USPS-GAN-21	OCA
DFC/USPS-GAN-24	OCA
DFC/USPS-GAN-29	OCA
DFC/USPS-GAN-30	OCA
DFC/USPS-GAN-34	OCA
DFC/USPS-GAN-35	OCA
DFC/USPS-GAN-36	OCA

<u>Interrogatory</u>	<u>Designating Parties</u>
DBP/USPS-21a	OCA
DBP/USPS-21b	OCA
DBP/USPS-22	OCA
DBP/USPS-23	OCA
DBP/USPS-24	OCA
DBP/USPS-25	OCA
DBP/USPS-26	OCA
DBP/USPS-27	OCA
DBP/USPS-28	OCA
DBP/USPS-29	OCA
DBP/USPS-30	OCA
DBP/USPS-31	OCA
DBP/USPS-32	OCA
DBP/USPS-33	OCA
DBP/USPS-34	OCA
DBP/USPS-35	OCA
DBP/USPS-36	OCA
DBP/USPS-37	OCA
DBP/USPS-38	OCA
DBP/USPS-39	OCA
DBP/USPS-40	OCA
DBP/USPS-41	OCA
DBP/USPS-42	OCA
DBP/USPS-43	OCA
DBP/USPS-44	OCA
DBP/USPS-45	OCA
DBP/USPS-46	OCA
DBP/USPS-47	OCA
DBP/USPS-48	OCA
DBP/USPS-51	OCA
DBP/USPS-52	OCA
DBP/USPS-53	OCA
DBP/USPS-54	OCA
DBP/USPS-55	OCA
DBP/USPS-56	OCA
DBP/USPS-57	OCA
DBP/USPS-59	OCA

<u>Interrogatory</u>	<u>Designating Parties</u>
DBP/USPS-138	OCA
DBP/USPS-139	OCA
DBP/USPS-140	OCA
DBP/USPS-142	OCA
DBP/USPS-143	OCA
DBP/USPS-144	OCA
DBP/USPS-145	OCA
DBP/USPS-146a	OCA
DBP/USPS-146b	OCA
DBP/USPS-146c	OCA
DBP/USPS-146d	OCA
DBP/USPS-146e	OCA
DBP/USPS-149	Carlson
DFC/USPS-2	OCA
DFC/USPS-3	OCA
DFC/USPS-4	OCA
DFC/USPS-5	OCA
DFC/USPS-6	OCA
DFC/USPS-7	OCA
DFC/USPS-8	OCA
DFC/USPS-12	OCA
DFC/USPS-13	OCA
DFC/USPS-15	OCA
DFC/USPS-16	OCA
DFC/USPS-GAN-3 redirected to USPS	OCA
DFC/USPS-GAN-7 redirected to USPS	OCA
DFC/USPS-GAN-8 redirected to USPS	OCA
DFC/USPS-GAN-9 redirected to USPS	OCA
DFC/USPS-GAN-10 redirected to USPS	OCA
DFC/USPS-GAN-11 redirected to USPS	OCA
DFC/USPS-GAN-12 redirected to USPS	OCA
DFC/USPS-GAN-13 redirected to USPS	OCA
DFC/USPS-GAN-20 redirected to USPS	OCA
DFC/USPS-GAN-22 redirected to USPS	OCA
DFC/USPS-GAN-23 redirected to USPS	OCA
DFC/USPS-GAN-25 redirected to USPS	OCA
DFC/USPS-GAN-26 redirected to USPS	OCA

InterrogatoryDesignating Parties

DFC/USPS-GAN-27 redirected to USPS	OCA
DFC/USPS-GAN-28 redirected to USPS	OCA
DFC/USPS-GAN-31 redirected to USPS	OCA
DFC/USPS-GAN-32 redirected to USPS	OCA
DFC/USPS-GAN-33 redirected to USPS	OCA
DFC/USPS-GAN-37 redirected to USPS	OCA
DFC/USPS-GAN-38 redirected to USPS	OCA
DFC/USPS-GAN-39 redirected to USPS	OCA
DFC/USPS-GAN-40b redirected to USPS	OCA
DFC/USPS-GAN-40c redirected to USPS	OCA
DFC/USPS-GAN-43 redirected to USPS	OCA
DFC/USPS-GAN-44 redirected to USPS	OCA
DFC/USPS-GAN-45 redirected to USPS	OCA
DFC/USPS-GAN-47 redirected to USPS	OCA
DFC/USPS-GAN-48 redirected to USPS	OCA
DFC/USPS-GAN-49 redirected to USPS	OCA
DFC/USPS-GAN-50 redirected to USPS	OCA
DFC/USPS-GAN-51 redirected to USPS	OCA
OCA/USPS-1	OCA
OCA/USPS-2	OCA
OCA/USPS-3	OCA
OCA/USPS-4	OCA
OCA/USPS-5	OCA
OCA/USPS-6	OCA
OCA/USPS-7	OCA
OCA/USPS-8	OCA
OCA/USPS-9	OCA
OCA/USPS-10	OCA
OCA/USPS-11	OCA
OCA/USPS-12	OCA
OCA/USPS-13	OCA
OCA/USPS-14	OCA
OCA/USPS-15	OCA
OCA/USPS-T1-6b redirected to USPS	Carlson
OCA/USPS-T1-9 redirected to USPS	Carlson
OCA/USPS-T1-10 redirected to USPS	Carlson
OCA/USPS-T1-11 redirected to USPS	Carlson

Douglas F. Carlson

**Douglas F. Carlson
(DFC-T-1)**

OCA/DFC-T1-1. Your testimony at page 12 states mail volume “may be a proxy for the needs of customers.” You then discuss only mail volume as a measure of customer need throughout your testimony. Is there any other measure that you believe is appropriate in addition to, or in lieu of, mail volume to determine customer need on a nationwide basis?

RESPONSE:

The most-direct way to measure customer need would be to ask customers. Unfortunately, I do not have the resources to conduct an opinion survey. Perhaps another participant in this proceeding will introduce a survey or some similar evidence to supplement mail volume as a measure of customer need or as a proxy for customer need. In its operational decisions, I understand that the Postal Service sometimes uses mail volume as a measure of the needs of customers or as a proxy for a measure of the needs of customers. As I explained at pages 12–13 of my testimony, the Postal Service used the 0.5-percent threshold as a measure of customer need in Docket No. N89-1. The Postal Service also measures volume to determine customers’ need for some types of collection services. Absent additional evidence, I am comfortable using volume as a proxy for customers’ needs.

Another way to measure customers’ needs for two-day First-Class Mail service between city pairs for which the Postal Service changed the service standard to three days would be to examine customers’ use of higher-priced two-day delivery services, including Priority Mail and competitor companies’ two-day delivery services. These customers obviously need two-day mail service.

OCA/DFC-T1-2. You point out, at pages 12 to 13 of your testimony, that 0.5 percent is the volume that the Postal Service used in Docket No. N89-1 to be “significant enough to warrant consideration for two-day delivery.” Please refer to page 13 of your testimony where you state that the volume of mail between a P&DC and a destination ADC starting at about 0.5 percent of the originating P&DC’s volume continues to be noteworthy. Please explain why you believe that the 0.5 percent volume continues to be noteworthy.

RESPONSE:

When college professors assign grades, they often list the examination scores from their students in rank order, look for natural breaking points to separate the A, B, C, D, and F grades, and draw lines to establish the cutoff score for each grade. In doing so, professors try to make distinctions that are meaningful, not arbitrary.

I followed a similarly subjective process in reviewing the volume data. I knew that the Postal Service determined that the 0.5-percent figure was significant in Docket No. N89-1. The Postal Service did not articulate the reason. Partly because the Postal Service did not articulate a reason, and partly because more than 12 years had elapsed since Docket No. N89-1, I did not automatically accept the significance of the 0.5-percent figure. However, after I looked at the volume data and the city pairs involved, I observed that 0.5 percent still seemed to be a natural breaking point. The Postal Service’s 0.5-percent figure was, to the best of my knowledge, *uncontroversial in Docket No. N89-1*. After viewing the raw data, I decided to accept the significance of this figure that the Postal Service assigned to it in Docket No. N89-1.

OCA/DFC-T1-3. In your conclusions at page 44, item 6, of your testimony, you suggest the Postal Service “consider” restoring the two-day service between city pairs that exceed the 0.5-percent P&DC volume threshold.

- a. Is it correct that you are recommending that a 0.5-percent volume threshold should not automatically determine the customers’ need for two-day service but that it should be considered along with other factors?
- b. If your response to part (a) is affirmative, what other factors should be present that would reasonably justify the Postal Service in upgrading the delivery service from three days to two days?

RESPONSE:

The interrogatory does not accurately quote my testimony. In numbered paragraph 6 on page 44, I testified that the Postal Service “should consider using FedEx transportation to restore two-day delivery between city pairs that exceed the 0.5-percent threshold.” In this paragraph, I was focusing on the relatively new availability of FedEx transportation and suggesting that the Postal Service *consider using FedEx transportation* to restore two-day delivery between city pairs whose volume exceeds the 0.5-percent threshold. The Postal Service should restore two-day service for all city pairs whose volume exceeds the 0.5-percent threshold, but I would not presume to know or recommend the optimal method of transportation — commercial passenger airlines, FedEx or other dedicated air transportation, trains, or trucks.

OCA/DFC-T1-4. You recommend at page 43, item 3, that the Postal Service should determine the needs of customers for two-day service.

- a. To meet your recommendation, would it be sufficient for the Postal Service to do that which you state on page 13 of your testimony you were unable to do, namely: determine nationwide the three-digit ZIP Code pairs that have volume which exceeds the 0.5-percent threshold?
- b. If your response to part (a) is negative, what additional steps would you recommend the Postal Service take to determine the needs of its customers?
- c. If the Postal Service took the steps you indicate in response to (b), is it your recommendation, as discussed in interrogatory OCA/DFC-T1-3, that the Postal Service use that information to “consider” upgrading *service from three days to two days*?
- d. Would other factors also need to be present in order to justify the Postal Service in upgrading three-day service to two-day service? If so, what are those factors.

RESPONSE:

a., b., and d.: Please see my response to OCA/DFC-T1-1. Ideally, the Postal Service could collect and analyze more information on the needs of customers than solely volume data. However, if this process were infeasible for any of a variety of reasons, then yes, the Postal Service could better meet the needs of customers by *restoring two-day service for city pairs whose volume exceeds the 0.5-percent threshold.*

c. Please see my response to OCA/DFC-T1-3. The Postal Service should, at minimum, restore two-day service for city pairs whose volume exceeds the 0.5-percent threshold.

OCA/DFC-T1-5. Please refer to your conclusion on page 14 of the section of your testimony concerning mail volume. That section of testimony discusses the 0.5-percent volume threshold for only certain western ZIP Code pairs. You conclude, “The Postal Service may not be meeting the needs of its customers, particularly in the Western States.”

- a. Is this conclusion based only on your determination that certain ZIP Code pairs have volumes greater than 0.5-percent of the originating P&DC's volume? If not, please state the other considerations that led to your conclusion.
- b. You list “In-State” western areas on page 14 of your testimony where the volume exceeded the 0.5-percent threshold, but the service was not upgraded from three-day to two-day. After the list, you go on to conclude that the Postal Service “may not” be meeting the needs of its customers. Other than looking at the volume threshold, how is the Commission to ascertain whether the Postal Service is meeting the needs of its customers?

RESPONSE:

a. In addition to volume data, I considered my own knowledge of the western states. For example, numerous companies provide customers in Northern California with remittance addresses in Phoenix, Arizona. I know because I have sent many bill payments to addresses in Phoenix. My own bank sends monthly checking-account and credit-card statements from the Phoenix area. A company that mails payment checks for a major California bank's on-line bill-payment service sends these checks from Phoenix. I am acquainted with one recipient of a monthly bill payment who is annoyed by the time required for delivery. Another major credit-card issuer provides a remittance address in the Las Vegas area, a destination that now has a three-day delivery standard from Northern California. Yet another major credit-card issuer sends statements to Northern California customers from Seattle and receives payments in Seattle. This service standard is now three days as well. Much of this financial-related mail is time sensitive. My own knowledge of mail flows, combined with the volume data, leads me to believe that the Postal Service may not be meeting the needs of its customers.

Response to OCA/DFC-T1-5 (continued)

b. Perhaps another participant will introduce evidence that will supplement volume data as a measure of the needs of customers. My testimony does not assert that the Postal Service is not meeting the needs of its customers; it merely raises the question based on the Postal Service's disregard of its own 0.5-percent threshold and, most importantly, its decision not to consider the needs of customers in changing service standards. The Commission surely would have more information by which to judge the needs of customers if the Postal Service would request an advisory opinion under section 3661(b) before implementing substantial changes in postal services, instead of ignoring this statute and placing the burden on individual customers to prove, after the fact, that the Postal Service is not providing adequate service.

OCA/DFC-T1-6. Please refer to page 43 of your testimony, recommendation 4. You recommend the Postal Service restore the use of air transportation to provide two-day service where customer need exists.

- a. Is customer need defined in your view as 0.5 percent of the originating P&DC's volume? If so, are you proposing that air transportation should be provided in all of those cases?
- b. Please explain why you do not recommend use of air transportation for all three-day service, regardless of volume or demonstrated need for two-day service.

RESPONSE:

a. Please see my response to OCA/DFC-T1-1 for a discussion of measurements of customer need. Two-day service standards should be restored for all city pairs whose volume exceeds the 0.5-percent threshold. The Postal Service should use any means of transportation sufficient to provide two-day service, but in almost all instances the method of transportation will be air. I expect that the transportation method will be air in most cases because the service standard already is two days, in most instances, if truck transportation provides delivery in two days. Paragraph 1 on page 43 addresses those situations in which existing truck transportation would provide two-day delivery, but the service standard nevertheless is three days — typically because the computer-projected truck drive time is more than 12 hours, but the truck actually arrives at the destination ADC before the critical entry time of 18:00. The preceding analysis was implicit in my abbreviated recommendation to “[r]estore the use of air transportation to provide two-day service where customer need exists.”

b. For each transportation route, the Postal Service should select reliable and economical means of transportation to meet the applicable service standards. Airplanes, trucks, and trains each have advantages and disadvantages depending on distance, terrain, mail volume, and other conditions.

OCA/DFC-T1-7. On page 16 of your testimony, you provide examples of instances in California where the Postal Service could provide two-day service to customers. Do you know of other instances outside of California and Reno, Nevada where two-day service could be provided to those ZIP Code pairs with a three-day service standard? If so, please identify those locations.

RESPONSE:

No, but I did not conduct a complete review of the service-standard information or submit additional discovery requests to the Postal Service. To answer my interrogatories about truck arrival times, the Postal Service needed to query field officials. I was concerned about objections for burden if I continued or expanded this line of discovery. I decided to focus my discovery on uncovering examples of various types of problems, rather than to conduct a comprehensive audit. On pages 43 and 44 of my testimony, I made recommendations to resolve the categories of problems that I uncovered. At the conclusion of this proceeding, the Postal Service should fully evaluate its service standards and transportation network and implement necessary changes.

OCA/DFC-T1-8. On page 24 of your testimony, you indicate that California has four “pseudo ADC’s.”

- a. To your knowledge, is California the only state that has pseudo ADCs?
- b. If your response to part a of this interrogatory is other than affirmative, then to the best of your knowledge, please identify those states that have pseudo ADCs.
- c. If you identify additional states with pseudo ADCs, then to the best of your knowledge, please indicate whether those states have similar problems to those discussed in your testimony. (i.e., The problem of letter sorting and processing being done at a different P&DC than that which was selected for the transportation model’s mileage calculation.)

RESPONSE:

- a. Yes. Please see the response to DFC/USPS-GAN-40(b).
- b. N/A
- c. N/A

OCA/DFC-T1-9. On page 34 of your testimony, you indicate that the “average days to delivery increased 0.8 days.” Please show the derivation of the 0.8 day increase.

RESPONSE:

The 0.8-day figure is an editing error. The correct increase in the average days to delivery is 0.7 days. Please see my testimony at page 33, including footnote 16, where I discuss the correct figure.

United States Postal Service

**Charles Gannon
(USPS-GAN)**

**RESPONSES OF CHARLES M. GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO DOUGLAS F. CARLSON INTERROGATORIES**

DFC/USPS-CMG-1. Please refer to paragraph 18 of Declaration of Charles M. Gannon, which the Postal Service filed on July 30, 2001. Also, please refer to the response to DBP/USPS-9. Please describe the specific characteristics of First-Class Mail delivery service that will need to change or improve for you to conclude that the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001 will have improved the consistency of First-Class Mail service.

RESPONSE:

See my earlier response to OCA/USPS-GAN-1. Normally, based on the yearly EXFC trends cited in the aforementioned response, I would have concluded that the finalization of the Phase 2 changes will have improved the consistency of First-Class Mail service if the 2-Day Fiscal Year EXFC scores over the next several years were to rise to the high-80s or low-90s. However, it will be difficult, in the long-term, to assess the degree of success of those Phase 2 changes because of the current emergency measures in mail processing and transportation implemented in response to the events of September 11, 2001, and the subsequent use of the mail to commit acts of biological terrorism.

These events are likely to result in at least a temporary dip in EXFC scores, in response to which corrective operational measures will have to be taken. Trying to isolate the impact of those corrective measures from the impact of any other corrective action taken (for instance, to otherwise improve EXFC scores for reasons unrelated to the aftermath of September 11th) would probably be next to impossible.

**RESPONSES OF CHARLES M. GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO DOUGLAS F. CARLSON INTERROGATORIES**

RESPONSE TO DFC/USPS-CMG-1 (continued)

During the first week of September, immediately after the implementation of the FedEx transportation contract, the Postal Service decided to initiate a review to determine whether the new FedEx arrangement might create any significant opportunities to shift 2-day and 3-day First-Class Mail from surface to air transportation. However, because of the aforementioned intervening emergencies and the ongoing contraction of the commercial airline industry, that review has been postponed indefinitely.

**RESPONSES OF CHARLES M. GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO DOUGLAS F. CARLSON INTERROGATORIES**

DFC/USPS-CMG-2. Please refer to paragraph 18 of Declaration of Charles M. Gannon, which the Postal Service filed on July 30, 2001. Also, please refer to the response to DBP/USPS-9. This interrogatory presents three possible sets of delivery statistics for mail originating in city A and destined to city B. Each percentage represents the percentage of the mail delivered in the number of days listed above the percentage. Suppose that the applicable delivery standard is two days. Please identify which of the three situations represents the greatest consistency of mail delivery as you used the term in paragraph 18 of your declaration. Also, please explain your reasoning.

Situation 1

1 Day	2 Days	3 Days
50%	50%	0%

Situation 2

1 Day	2 Days	3 Days
60%	30%	10%

Situation 3

1 Day	2 Days	3 Days
5%	90%	5%

RESPONSE:

Situation 1 represents, in my opinion, the greatest consistency of mail delivered as I "...used the term in paragraph 18 of [my] declaration". This is because 100% of the mail has been delivered within the Service Standard target of 2-Days. Situation 2 represents, in my opinion, the third greatest consistency of mail delivered as I "...used the term in paragraph 18 of [my] declaration". This is because 90% of the mail has been delivered within the Service Standard target of 2-Days. Situation 3 represents, in my opinion, the second greatest

**RESPONSES OF CHARLES M. GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO DOUGLAS F. CARLSON INTERROGATORIES**

RESPONSE TO DFC/USPS-CMG-2 (continued)

consistency of mail delivered as I "...used the term in paragraph 18 of [my] declaration". This is because 95% of the mail has been delivered within the Service Standard target of 2-Days.

Also, see the Docket No. N89-1 responses of USPS witness Lazerowitz to OCA/USPS-T1-2 through 4; Tr. 2/92-94.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-4.

- (a) During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, were you specifically aware of the Postal Service's statutory obligation to provide adequate mail service? If yes, please state the approximate date on which you learned of this obligation and the method by which you learned of this obligation.
- (b) If you were specifically aware of the Postal Service's statutory obligation to provide adequate mail service, please discuss the ways in which the statutory obligation to provide adequate mail service affected any of the decisions that you made that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.
- (c) If you were specifically aware of the Postal Service's statutory obligation to provide adequate mail service, please provide all documents that reflect your consideration of the Postal Service's statutory obligation to provide adequate mail service as you made decisions that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.

RESPONSE:

- (a) Yes. I first became aware of this particular statutory obligation at or about the time of the adoption of the Postal Reorganization Act. Prior to that, it was already a part of the ethic of the Post Office Department, as far as I was concerned. As a manager in the Post Office Department at the time of reorganization, I was interested in what our mission was going to be when we converted to the United States Postal Service. Accordingly, I obtained a copy of the Postal Reorganization Act and, from a lay perspective, tried to familiarize myself with our new mission. I cannot give you a more precise date. I can assure you that only hard-copies of the

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

Response to DFC/USPS-GAN-4 (continued):

text of the Postal Reorganization were available at the time. I am not completely "old school." I now have an electronic version of the Act on my computer hard drive to which I routinely refer.

(b&c) The goals of the Postal Reorganization Act were the goals of the Service Standards Team. The decisions made by the Team reflect its effort to implement the policies of the Act. Accordingly, all documents generated in the process, such as the PowerPoint presentation in DFC-LR-1, implicitly reflect the Team's consideration of those policies. As reflected in that document, we were not only aware of our obligation to provide adequate, but a primary goal of the 2 & 3-Day Service Standard Model was to generally improve the level of service being rendered to customers over that which had existed since the initial implementation of Phase 2 in the early 90s. Accordingly, one result of the Phase 2 finalization process is that more ZIP Codes pairs are now targeted for 2-Day delivery.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-5

- (a) During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, were you specifically aware of the Postal Service's statutory obligation to give the highest consideration to the requirement for the most expeditious collection, transportation, and delivery of important letter mail? (This requirement appears in 39 U.S.C. § 101(e).) If yes, please state the approximate date on which you learned of this obligation and the method by which you learned of this obligation.
- (b) If you were specifically aware of the Postal Service's statutory obligation described in part (a), please discuss the ways in which this statutory obligation affected any of the decisions that you made that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.
- (c) If you were specifically aware of the Postal Service's statutory obligation described in part (a), please provide all documents that reflect your consideration of this statutory obligation as you made decisions that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.

RESPONSE:

- (a) See my response to DFC/USPS-GAN-4(a).
- (b&c) See my response to DFC/USPS-GAN-5(b&c). The 2 & 3-Day Model was designed to use our existing Operations Network consisting of Processing and & Distribution Centers, Processing & Distribution Facilities, Customer Service Facilities, Area Distribution Centers, Automated ADCs and Sectional Center Facilities. That network requires that Originating Facilities make separations for Automated Letter mail to be diverted

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

RESPONSE to DFC/USPS-GAN-5 (continued):

around ADC operations and/or facilities and to go directly to our network of AADCs. Here is an example of how such Letter mail is advanced over other mail types:

Mail originates in Cedar Rapids, Iowa destined for Madison, WI, a 2-Day Service Standard. The routing in the Model, for the assignment of the standard, would show mail from Cedar Rapids P&DC flowing to ADC Milwaukee WI. The Milwaukee ADC operation would then extract the mail destined for their subordinate SCF of Madison WI. However, due to the physical location of Cedar Rapids, and the requirement for them to isolate automated letter mail, they actually have a surface trip that passes through Madison on the way to Milwaukee. Therefore, while the flats and SPRS for Madison (depending on the volume) *may* be sent on to the ADC operation for processing, the letter mail for AADC Madison travels directly from Cedar Rapids to Madison, without passing through Milwaukee. This use of the AADC network gives letter mail the “*most expeditious*” handling versus non-letter mail.

The previously submitted GOEZINTA list (USPS LR C2001-3/1, file OCA-12B-2), identifies the AADC assignment of every valid ZIP Code in the network and shows how they mesh with the rest of the 2 & 3-Day Model. The use of the identified AADC network gives letter mail the “most expeditious” handling versus non-letter mail.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-6.

- (a) During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, were you specifically aware of the Postal Service's statutory obligation, in selecting modes of transportation, to give highest consideration to the prompt and economical delivery of all mail? (This requirement appears in 39 U.S.C. § 101(f).) If yes, please state the approximate date on which you learned of this obligation and the method by which you learned of this obligation.
- (b) If you were specifically aware of the Postal Service's statutory obligation described in part (a), please discuss the ways in which this statutory obligation affected any of the decisions that you made that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.
- (c) If you were specifically aware of the Postal Service's statutory obligation described in part (a), please provide all documents that reflect your consideration of this statutory obligation as you made decisions that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.

RESPONSE:

- (a) See my response to DFC/USPS-GAN-4(a).
- (b&c) See my response to DFC/USPS-GAN-4(b&c). As described in the PowerPoint presentation contained in DFC-LR-1, and the response to DBP/USPS-36, the 2 & 3-Day Model was designed with "Buffer Times" built into them to allow for multiple stops, dock transfers, and handling through the transportation network, while still allowing the Postal Service to meet the designated Estimated Time of Arrival/Critical Entry Time at the destination Area Distribution Center. This was done in order to use economies of scale in providing prompt and economical delivery of all mail, by allowing reasonable time for the consolidation of mail volumes.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-14.

- (a) During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, instead of changing service standards from two days to three days, did you consider the use of dedicated air transportation as a replacement for apparently deficient service provided by commercial passenger airlines?
- (b) If you considered using dedicated air transportation to maintain two-day service standards, please discuss the outcome of these considerations and provide documents explaining this outcome.

RESPONSE:

- (a&b) *At the time, the Service Standards Team was aware that dedicated air transportation cost approximately twice as much as commercial air. Accordingly, this option did not seem feasible and was not given serious consideration. While associated costs were not a focus of the 2 & 3 Day Team, the Team was not inclined to consider methods of transportation that appeared “unreasonable” or exorbitantly priced, such as helicopters or a complete network of dedicated air. It was the consensus of the Team that transportation methods that disproportionately drove up costs would have little chance of subsequent approval by senior management. This approach was deemed to be in keeping with the obligation to give highest consideration to the economical delivery of all mail while selecting modes of transportation.*

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-15

Please refer to the response to DBP/USPS-27 and the response to OCA/USPS-11.

- (a) Please provide the approximate per-pound cost for dedicated air transportation (other than FedEx);
- (b) Please provide the approximate per-pound cost to transport mail on commercial passenger airlines;
- (c) Please provide the approximate per-pound cost for transportation of mail on FedEx airplanes;
- (d) Please provide the percentage of total annual transportation costs for First-Class Mail that \$36.4 million constitutes;
- (e) Would the increase in expenditures related to an expansion of the surface transportation network be one-time or ongoing?
- (f) Please estimate the net savings or net increase in costs that the changes in First-Class Mail service standards implemented in 2000 and 2001 will impose on the Postal Service.

RESPONSE:

- (a) See the Docket No. R2001-1 response to AOL-TW/USPS-29(d).
- (b) See the Docket No. R2001-1 response to AOL-TW/USPS-29(e).
- (c) Estimated volumes to be transported under the FedEx contract are provided in USPS Docket No. R2001-1 Library Reference J-94 (Table 305) under protective conditions. Disclosure of estimated cost per pound of flying mail in the FedEx network as requested by this interrogatory, coupled with the information in the Docket No, R2001-1 testimony of witness Hatfield (USPS-T-18) would allow a postal competitor to deduce

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

the Docket No. R2001-1 volume information currently subject to those protective conditions. The Postal Service considers that the requested FedEx contract cost per pound figure responsive to this interrogatory should be made available to parties in Docket No. C2001-3 under the same protective conditions as are in effect in Docket No. R2001-1. Accordingly, the Postal Service has filed a motion to seeking to achieve this result.

- (d) Total First-Class Mail volume variable transportation costs for FY 2000 were estimated to be \$1.1 billion. \$36.4 million represents a little over three percent of that total.
- (e) Capital expenditures would be “one-time.” Others would be “ongoing.”
- (f) Cost impact was not a driving factor in the finalization of Phase 2 of the realignment plan. Accordingly, no effort has been made to isolate or analyze the cost impact. The Postal Service does not have sufficient information with which to determine the extent to which expected transportation changes actually occurred in conjunction with the completion of the finalization of Phase 2. The subsequent implementation of the FedEx contract and the emergency measures implemented in the aftermath of the events of September 11, 2001, and recent acts of terrorism make it impossible to isolate “service standard related” changes in First-Class Mail transportation or estimate their cost or operational impact.

RESPONSE OF UNITED STATES POSTAL SERVICE
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DFC/USPS-GAN-16.

During your work that led to the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, did you at any time conclude that any existing transportation arrangements were not economical? If yes, please provide a list of all such arrangements, and please provide all documents supporting your response.

RESPONSE:

Please see the response to DFC/USPS-14. The assignment that was given to the 2 & 3-Day Realignment Team specifically instructed us to develop and plan the steps that might be implemented in order to provide Service Standards which allow for consistent, timely and predictable service performance. We were tasked with this assignment and advised to not develop or use potential costs as a factor in trying to develop the alternatives that might be used to modify Service Standards. For this reason, my work did not involve evaluating the economics of existing transportation arrangements.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-17.

During and after Docket No. N89-1, please explain the extent to which the Postal Service has used volume as a consideration in determining whether the First-Class Mail service standards between particular ZIP Code pairs would be two days or three days. In your response, please explain whether a high volume tended to increase or decrease the probability that a particular service standard would be two days instead of three days.

RESPONSE:

I am not specifically aware of how, or if, the Postal Service actually used volume as a consideration after Docket No. N89-1, or at any time prior to my becoming Program Manager for Service Standards in approximately 1995. Since that time, and during the development and implementation of the 2 & 3-Day Model, volume was not a controlling factor in the determination of whether a standard became 2-Days or 3-Days. See my response to DFC/USPS-GAN-4 (b&c).

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-18.

This interrogatory concerns changes in First-Class Mail service standards from two days to three days for mail originating in or destined to the California SCF's of San Francisco, Oakland, and San Jose.

- (a) For each change in service standard from two days to three days that the Postal Service implemented in 2000 or 2001, please discuss all the factors that you considered before you decided to change the service standards from two days to three days.
- (b) Please discuss whether the Postal Service is continuing to use air transportation to transport mail between any of the ZIP Code pairs for which the Postal Service changed the service standard from two days to three days in 2000 or 2001.

RESPONSE:

- (a) The factors that were considered have previously been identified in the USPS response to DBP/USPS-11 (b).
- (b) It is assumed that, as local day-to-day transportation option decisions are made, that is occurring in the network.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-19.

Please explain in detail the reasons why the First-Class Mail service standard for mail from SCF Oakland CA to SCF San Diego CA is two days while the service standard for mail from SCF San Francisco CA to SCF San Diego CA is three days. In your response, please explain your understanding of the geographic distance between the cities of San Francisco and Oakland.

RESPONSE:

SCF is a destinating concept, so we do not send Originating mail from a SCF, but only receive it at SCFs. If I assume that the mail in question Originates at Oakland CA P&DC destined for SCF San Diego CA, the routing is projected at 11.7 hours drivetime to ADC San Diego CA, which qualifies the mail for 2-Day service. The mail from San Francisco CA to ADC San Diego CA is projected at a drivetime of 12.1 hours, which was modeled as a 3-day standard. My understanding of the distance between San Francisco and Oakland is that it is about 15 miles between the involved Postal facilities. The projected drive time between the facilities in PC Miler is 0.5 hours.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-21.

Please explain why the First-Class Mail service standard for mail from SCF Reno NV to SCF Los Angeles CA 900 is three days while the service standard for mail from SCF Reno NV to SCF Inglewood CA, SCF Long Beach CA, SCF Pasadena CA, SCF Van Nuys CA, and SCF Alhambra CA is two days.

RESPONSE:

Reno NV P&DC to ADC Los Angeles CA is projected as a 12.1 hour drivetime. SCF Inglewood, SCF Long Beach, SCF Pasadena, SCF Van Nuys, and SCF Alhambra (Industry) all fall under ADC Twin Valley CA. The drivetime from Reno NV P&DC to ADC Twin Valley projects at 11.3 hours.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-24.

Please refer to paragraph 12 of the Declaration of Charles M. Gannon.

- (a) Please identify the "Pacific, Western, and Southwestern cities" between which the Postal Service purchased dedicated air transportation, and please provide the years during which this dedicated air transportation was used.
- (b) Please identify the improvement in First-Class Mail service, as reflected in EXFC scores, that the Postal Service enjoyed from the use of dedicated air transportation.

RESPONSE:

- (a) The cities were: Billings, Dallas, Denver, Houston, Las Vegas, Los Angeles, Phoenix, Portland, Reno, Sacramento, Salt Lake City, San Antonio, San Diego, San Francisco, Seattle, Spokane. With varying start and end dates for different cities, the time frame involved was between July 1998 and August 2001.
- (b) The Postal Service has no data that would permit it to determine the extent to which the use of dedicated air transportation, by itself, affected service performance to or from the cities listed above.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-29

Are you aware of any concern expressed by any member of the Postal Service Board of Governors since 1996 about the on-time delivery performance of two-day or three-day First-Class Mail? If yes, please explain how you learned about this concern and the role that this concern played in your project or any decisions that you made during the project.

RESPONSE:

No. At least, not directly. I am aware of concerns expressed by senior postal management that served as an impetus for our work on the operational and service standard changes discussed in my Declaration. I have no idea whether those concerns echoed or coincided with any expressed by the Governors.

RESPONSE OF UNITED STATES POSTAL SERVICE
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DFC/USPS-GAN-30.

At any time during your review and implementation of two-day and three-day First-Class Mail service standards, did the compensation of any postal personnel depend on EXFC scores for two-day or three-day First-Class Mail? If so, please describe any information indicating that a concern for improving two-day or three-day EXFC scores may have affected the decision to change any service standard for two-day or three-day mail.

RESPONSE:

I am informed that during the review and implementation period (April 1998 – May 2001), the 2 & 3-Day EXFC scores were compensable during fiscal years 1999 and 2000, but were not compensable goals with regard to our EVA process during FY 2001. As stated previously, and indicated on the PowerPoint presentation in DFC-LR-1, it was our goal to improve 2 & 3-Day service and make it more consistent. To the best of my knowledge, having to serve more ZIP Codes within 2-Days throughout the country, which was the total net result of the Realignment Model, would not be the way to “enhance” one’s EVA compensation. EVA, or the potential impact of EVA scores on compensation, played absolutely no role in and had no influence on any aspect of the Model design or implementation.

**RESPONSES OF CHARLES M. GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO DOUGLAS F. CARLSON INTERROGATORIES**

DFC/USPS-GAN-34.

Please refer to paragraph 18 of Declaration of Charles M. Gannon, which the Postal Service filed on July 30, 2001. Please also refer to your responses to DFC/USPS-CMG-2 and DBP/USPS-9. This interrogatory presents three possible sets of delivery statistics for mail originating in city A and destined to city B. Each percentage represents the percentage of the mail delivered in the number of days listed above the percentage. Please identify which of the three situations represents the greatest consistency of mail delivery as you used the term in paragraph 18 of your declaration. Also, please explain your reasoning.

Situation 1

2 Days	3 Days	>3 Days
70%	25%	5%

Situation 2

2 Days	3 Days	>3 Days
65%	30%	5%

Situation 3

2 Days	3 Days	>3 Days
40%	55%	5%

RESPONSE:

The question does not denote what Service Standard is assigned to the mail in this hypothetical case. For purposes of this response, it is assumed that the standard is 2-Days. Situation 1 is the most "consistent" scenario, since the largest percentage is delivered in 2-Days. Situation 2 is the second most consistent, since the second largest percentage is delivered in 2-Days. Situation 3 is the least consistent, since the lowest percentage is delivered in 2-Days.

RESPONSES OF CHARLES M. GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-35.

Please refer to paragraph 18 of Declaration of Charles M. Gannon, which the Postal Service filed on July 30, 2001. Please also refer to your responses to DFC/USPS-CMG-2 and DBP/USPS-9. This interrogatory presents three possible sets of delivery statistics for mail originating in city A and destined to city B. Each percentage represents the percentage of the mail delivered in the number of days listed above the percentage. Please identify which of the three situations represents the greatest consistency of mail delivery as you used the term in paragraph 18 of your declaration. Also, please explain your reasoning.

Situation 1

2 Days	3 Days	>3 Days
70%	25%	5%

Situation 2

2 Days	3 Days	>3 Days
5%	85%	10%

Situation 3

2 Days	3 Days	>3 Days
40%	55%	5%

RESPONSE:

As with DFC/USPS-GAN-34, no Service Standard is assigned to the mail in this hypothetical case. For purposes of this response, a 2-Day standard also is assumed. Situation 1 is the most "consistent", since the largest percentage is delivered in 2-Days. Situation 2 is the least consistent, since the least amount is delivered in 2-Days. Situation 3 is the second most consistent, since the second largest percentage is delivered in 2-Days.

RESPONSES OF CHARLES M. GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
IN RESPONSE TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-36. Please refer to your response to DFC/USPS-CMG-2. Please identify all definitions of consistency other than the one corresponding to the way in which you used the term in paragraph 18 of your declaration that are relevant to your declaration or any of the interrogatory responses that you have provided in this proceeding.

RESPONSE:

In reference to First-Class Mail service performance, I have attempted to use the same definition of the term as is reflected in the response to DFC/USPS-CMG-2. Otherwise, I am not quite sure what the question seeks. If there is some particular statement that I have provided which you think needs to be clarified, let me know which one it is.

RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-52.

Please refer to your response to DFC/USPS-GAN-34. This interrogatory presents three possible sets of delivery statistics for mail originating in city A and destined to city B. Each percentage represents the percentage of the mail delivered in the number of days listed above the percentage. Please identify which of the three situations represents the greatest consistency of mail delivery from the point of view of fulfilling the needs and preferences of postal customers as you understand postal customers' needs and preferences for consistent mail service. Also, please explain your reasoning. For this interrogatory, please assume that postal customers do not know the Postal Service's service standard for First-Class Mail originating in city A and destined to city B.

Situation 1

2 Days	3 Days	>3 Days
70%	25%	5%

Situation 2

2 Days	3 Days	>3 Days
65%	30%	5%

Situation 3

2 Days	3 Days	>3 Days
40%	55%	5%

RESPONSE:

In the absence of any description of the needs and preferences of the hypothetical customers who know nothing about the service standard applicable to mail between cities A and B, it is difficult for to say what their needs or preferences may be. Under the scenario described above, it is possible that their needs could be met with either overnight, 2-day or 3-day service. It is also possible that their preference could be for either overnight, 2-day, 3-day or >3-day service.

RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

RESPONSE to DFC/USPS-52 (continued):

The needs and preferences of a given customer may not always coincide. A customer who needs transportation may prefer a limousine, although his needs could be met with something other than limousine service. In the same vein, a customer who prefers overnight service could have his needs met with two-day service. The needs and preferences of the members of a diverse group of First-Class Mail users, such as the residents and businesses in hypothetical city A, may be quite mixed.

As with DFC/USPS-34, this question does not indicate what the applicable service standard would be. As indicated in my response to DFC/USPS-34, I define consistency, as witness Lazerowitz did in Docket No. N89-1, to refer to the degree to which the applicable service standard is satisfied.

Under that definition, if a 2-day service standard applied to the hypothetical situations above, I would regard Situation 1 to represent the highest degree of consistency, since the highest percentage of mail is delivered within standard in that case. If the standard were 3-day, I would regard all three situations to be equally consistent, based on the aforementioned definition, recognizing that there is fluctuation in the manner in which the standard is satisfied from case to case.

RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-53.

Please refer to your response to DFC/USPS-GAN-35. This interrogatory presents three possible sets of delivery statistics for mail originating in city A and destined to city B. Each percentage represents the percentage of the mail delivered in the number of days listed above the percentage. Please identify which of the three situations represents the greatest consistency of mail delivery from the point of view of fulfilling the needs and preferences of postal customers as you understand postal customers' needs and preferences for consistent mail service. Also, please explain your reasoning. For this interrogatory, please assume that postal customers do not know the Postal Service's service standard for First-Class Mail originating in city A and destined to city B.

Situation 1

2 Days	3 Days	>3 Days
70%	25%	5%

Situation 2

2 Days	3 Days	>3 Days
5%	85%	10%

Situation 3

2 Days	3 Days	>3 Days
40%	55%	5%

RESPONSE:

Please see my response to DFC/USPS-52. On the basis of the explanation for that response, I would regard the situation 1 described above to represent the greatest degree of consistency and situation 3 above to represent the least degree of consistency, if a 2-day standard applied. If a 3-day standard applied, situations 1 and 3 would be tied, using that same definition of consistency.

RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-54.

Please refer to the Postal Service's response to DFC/USPS-GAN-39(d). In particular, please note that the question referred to the person at the highest level of "management" — not specifically "senior management" — while the response discussed "senior management."

- a. Do you believe that your position is considered a position in management?
- b. Do you believe that your position is considered a position in senior management?
- c. Did you make or approve the decision not to use dedicated air transportation to maintain two-day delivery of First-Class Mail in lieu of changing some service standards to three days? In your response, if applicable, please identify all individuals in the Postal Service at a higher level of management than you who made or approved this decision.

RESPONSE:

- (a) It is a matter of fact, not belief, that I am in a management position.
- (b) I am under no such delusion.
- (c) As has been explained previously, dedicated air was not considered by the Service Standards Team or recommended to senior management; therefore, there was no decision made not to use it. Accordingly, it is impossible to identify any "individuals . . . at a higher level of management . . . who made or approved this decision" since there was no such decision.

RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-55. Please refer to your response to DFC/USPS-GAN-40.

- (a) Does the specific SCF that processes the mail destined to a “pseudo” ADC in California change from time to time?
- (b) At some time in the past two years, did the San Francisco P&DC process the incoming mail for ADC Sierra CA and ADC Peninsula CA? (Note that interrogatory DFC/USPS-GAN-40 (b) asked a variation of this question, but the response did not address it.)
- (c) Are the SCF’s that the Pacific Area designated for purposes of projecting drive times in PC Miler the same SCF’s that currently process incoming mail for the four “pseudo” ADC’s in California?

RESPONSE:

- (a) I am informed that the answer to this question is affirmative.
- (b) I am informed that the answer to this question is affirmative.
- (c) I am informed that the answer to this question, at this time, is negative. Mail destined for ADC Sequoia and ADC Twin Valley is targeted to be worked at the Los Angeles P&DC. Mail destined for ADC Sierra and ADC Peninsula is targeted to be worked at the San Francisco P&DC. Due to the nature of the “pseudo” ADC structure that is unique to these California offices, we allowed the Pacific Area to designate the primary facility for purposes of determining the related drive time in PC Miler. Had we used the Los Angeles P&DC and the San Francisco P&DC as the physical ADC “location”

RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

RESPONSE to DFC/USPS-55 (continued):

to determine the drive times, the following are the only Service Standard changes that would have occurred to the model, versus the current output:

Reno NV P&DC to ADC Twin Valley (Van Nuys) CA is currently 2-Days due to the 11.3 hour drive time. Moving the ADC to the Los Angeles P&DC location would downgrade the standard to 3-Days, due to the drive time of 12.1 hours.

San Diego P&DC to ADC Sierra (San Jose) CA is currently 2-Days due to the 11.3 hour drive time. Moving the ADC to the San Francisco P&DC location would downgrade the standard to 3-Days, due to the drive time of 12.1 hours.

San Diego P&DC to ADC Peninsula (Oakland) CA is currently 2-Days due to the 11.7 hour drive time. Moving the ADC to the San Francisco P&DC location would downgrade the standard to 3-Days, due to the drive time of 12.1 hours.

RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-56.

Please refer to the response to DFC/USPS-GAN-50. Please provide the number of postal customers who receive the Service Standards CD-ROM.

RESPONSE:

Currently, 732 postal customers receive the Service Standards CD-ROM each Postal Quarter directly by subscription.

**RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-GAN-57.

Please refer to the responses to DFC/USPS-GAN-14, 39, and 54.

- (a) Notwithstanding the reasons that you have explained already for not presenting senior management with the option of using dedicated air transportation to maintain some two-day service standards instead of changing these service standards to three days, do you agree that your team could, feasibly or conceivably, have presented senior management with the option of using dedicated air transportation to maintain some two-day service standards instead of changing these service standards to three days? If your answer is not an unqualified yes, please explain.

- (b) Please identify the person at the highest level of management who is responsible for the result that senior management was not presented with the option of using dedicated air transportation to maintain some two-day service standards instead of changing these service standards to three days. In your response, please include the person's title. If more than one person is responsible for this result, please provide the name and title of each person.

RESPONSE:

- (a) Putting aside whether it would have been feasible, it is conceivable that the Service Standards Team in 1999-2000 could have presented senior management with the option of using some dedicated air transportation as an alternative to some surface transportation to move some First-Class Mail between some locations. While associated costs were not a focus of the 2 & 3-Day Realignment effort, members of the Team were not unaware that dedicated air transportation costs were approximately twice as expensive as commercial air transportation costs. See the response to DFC/USPS-GAN-14. The fact that no proposal to obtain additional dedicated air service was considered for recommendation to senior management probably reflects the fact that like-minded Team members considered that recommending

**RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

RESPONSE TO DFC/USPS-GAN-57 (continued):

transportation methods that disproportionately drove up costs might have little chance of subsequent approval by senior management.

- (b) As has been explained previously, dedicated air was not considered by the Service Standards Team or recommended to senior management. Since the option was not considered, and therefore, not rejected by the Team, it is impossible to say that any individual or individuals on the Team are responsible for the option not being presented to senior management. Dedicated air was not pursued as an option. No one prevented it from being pursued. As indicated in the November 20, 2001, response to DFC/USPS-CMG-1, the use of dedicated air was subsequently discussed as an option in early September 2001; however, pursuit of that option was put on hold indefinitely, when it became necessary for the Postal Service to focus on reconfiguring its transportation arrangements in the wake of the events of September 11th.

**RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-GAN-58

Please refer to your response to DFC/USPS-55.

- (a) Please confirm that the San Francisco P&DC was responsible for processing incoming First-Class Mail labeled to ADC Sierra CA and ADC Peninsula CA during the entire calendar years 1999, 2000, and 2001. If you do not confirm, please explain.
- (b) Please confirm that the Los Angeles P&DC was responsible for processing incoming First-Class Mail labeled to ADC Twin Valley CA and ADC Sequoia CA during the entire calendar years 1999, 2000, and 2001. If you do not confirm, please explain.
- (c) Please confirm that the Los Angeles P&DC is responsible for processing incoming First-Class Mail labeled to ADC Los Angeles CA.
- (d) Please confirm that First-Class Mail originating in Reno and labeled to ADC Los Angeles CA arrives in the P&DC building that houses the destination SCF sooner than First-Class Mail originating in Reno and labeled to ADC Twin Valley CA arrives in the P&DC building that houses the destination SCF. If you do not confirm, please explain.
- (e) Please explain the route and method used to transport First-Class Mail from the Reno P&DC to ADC Los Angeles CA, ADC Twin Valley CA, and ADC Sequoia CA. In your response, please explain whether mail destined to two or more of these ADC's likely travels on the same truck or airplane.
- (f) Please explain the route and method used to transport First-Class Mail from the San Diego P&DC to ADC Sierra CA and ADC Peninsula CA. In your response, please explain whether mail destined to both ADC's likely travels on the same truck or airplane.
- (g) Please discuss the extent to which the San Diego P&DC likely labels First-Class Mail destined to SCF's in ADC Sierra CA and ADC Peninsula CA to the SCF level, not the ADC level. For example, would mail destined to SCF Sacramento CA be labeled to SCF Sacramento CA, not ADC Sierra CA? Similarly, would mail destined to SCF North Bay CA be labeled to SCF North Bay CA, not ADC Peninsula CA?
- (h) Please confirm that SCF Oakland CA is located in ADC Sierra CA, ADC Sierra CA mail is targeted for San Jose in the service-standards model, and ADC Peninsula CA mail is targeted for Oakland in the service-standards model. If you do not confirm, please explain.

**RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

RESPONSE to DFC/USPS-GAN-58:

- (a-c,h) Confirmed.
- (d) First-Class Mail originating in Reno for ADC Twin Valley is flown on flight AA-244. Flight AA-244 leaves Reno at 06:55 and arrives at Los Angeles Airport at 08:10 day 1. First-Class mail originating in Reno for ADC Los Angeles is trucked to the destination via HCR 980BE trip 406, which leaves Reno, Day 1, at 06:00 and arrives at Los Angeles at 17:40.
- (e) Currently, ADC Twin Valley is dispatched from Reno to Los Angeles CA via flight AA-244. It leaves Reno at 06:55 and arrives at LAX at 08:10. ADC Sequoia is dispatched from Reno on HCR 980BE Trip 406. This trip leaves Reno at 06:00 and arrives at Los Angeles at 17:40. ADC Los Angeles is also dispatched on the same trip as ADC Sequoia, 980BE Trip 406. It also arrives at Los Angeles at 17:40.
- (f) The San Diego P&DC uses direct truck transportation to the following SCFs within the Peninsula and Sierra ADC ranges:
- (1) SCF San Francisco
 - (2) SCF Oakland
 - (3) SCF San Jose
 - (4) SCF Sacramento

**RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

RESPONSE to DFC/USPS-GAN-58 (continued):

San Diego P&DC reaches the remaining ADC Peninsula & ADC Sierra destination SCFs through a Hub located in Van Nuys. Trucks transporting mail from the San Diego P&DC to the Hub carry multiple SCF destinations.

- (g) At a minimum, Pacific Area Plants sort Originating First-Class mails to the SCF level for all Pacific Area SCF destinations. Consequently, the labeling of Intra-Pacific Area First-Class Mail is to the SCF level, not the ADC level.

**RESPONSES OF CHARLES GANNON
ON BEHALF OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-GAN-59.

Please refer to USPS-LR-C2001-3/1, file OCA-12B-2. Please identify all instances nationwide where the column labeled "5-Digit ADC Location" does not provide the five-digit ZIP Code of the facility that actually processes incoming mail labeled to that ADC.

RESPONSE:

It is believed that the 4 pseudo-ADCs (ADC Sierra CA, ADC Peninsula CA, ADC Sequoia CA and ADC Twin Valley CA), previously identified in the response to DFC/USPS-GAN-40 (b), are the only instances nationwide wherein the "5-Digit ADC Location" on the GOEZINTA list does not correspond with the ADC location.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-61. Please refer to your response to DFC/USPS-58(d).

- a. Please explain all reasons why First-Class Mail originating at the Reno P&DC and destined to ADC Twin Valley CA is flown from Reno to Los Angeles and does not travel by truck on HCR 980BE trip 406 or another truck route.
- b. Does the truck that transports First-Class Mail from Reno to Los Angeles on HCR 980BE trip 406 stop at any postal facilities between Reno and Los Angeles? If so, please identify them.
- c. In the three months before the service standard for mail originating at the Reno P&DC and destined to ADC Los Angeles CA and ADC Sequoia CA was changed from two days to three days, please identify the method of transportation used to transport this mail from Reno to Los Angeles.

RESPONSE:

- (a) The trip was set up as an extra trip primarily to handle Priority Mail volumes and secondarily to handle First-Class Mail. When the need to retain this trip as a permanent run seemed apparent, the Postal Service, in September 2002, began putting Twin Valley-destined First-Class Mail on the trip.
- (b) The trip stops at Ontario THS, Worldway, and Van Nuys Surface Hub.
- (c) Either by commercial air or postal WNET air.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-62. Please refer to your response to DFC/USPS-GAN-58(f).

- a. Please explain the meaning of "direct" truck transportation. For example, do at least four separate trucks depart the San Diego P&DC carrying First-Class Mail, one truck destined to SCF San Francisco CA, another truck destined to SCF Oakland CA, another truck destined to SCF San Jose CA, and another truck destined to SCF Sacramento CA?
- b. Please identify the time at which First-Class Mail originating at the San Diego P&DC and destined to SCF North Bay CA, SCF Eureka CA, SCF Sacramento CA, and SCF Redding CA arrives at the destination processing facility. In your response, please confirm that the transportation to each SCF is by truck.
- c. Please explain the route and method used to transport First-Class Mail from the originating postal facility in Redding, California, to ADC San Diego CA. Please include the arrival time at the San Diego P&DC.

RESPONSE:

- (a) There are four separate trucks carrying First-Class Mail from the San Diego P&DC to San Francisco, Oakland, San Jose and Sacramento.
- (b) Confirmed. Scheduled arrivals times for mail from San Diego to:
 - North Bay (via Van Nuys Hub) 17:45 Day 1
 - Eureka (via SF P&DC) 03:00 Day 2;
 - Sacramento 1500 Day 1;
 - Redding (via Sacramento P&DC) 22:35 Day 1.
- (c) Mail is routed by surface through Sacramento, such that mail departing Redding at 22:25 on Day 0 is scheduled to arrive at San Diego at 1500 on Day 1.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-63. Please refer to your response to DFC/USPS-GAN-61(b). Please explain what the letters "THS" stand for.

RESPONSE:

The letters stand for "Terminal Handling Services." The Postal Service has contracts for THS at 59 airports throughout the United States. THS includes unloading/loading of mail, sorting of mail, building and breaking of air containers, drayage of mail, and maintenance/repair of transport equipment.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-64. Please refer to your response to DFC/USPS-62. Please explain how First-Class Mail is transported to the San Diego P&DC from the following origin P&DC's:

- (i) Oakland P&DC
- (ii) San Francisco P&DC
- (iii) San Jose P&DC
- (iv) North Bay P&DC
- (v) Salinas P&DF

In your response, please specify which of the originating facilities have direct (separate) trucks to the San Diego P&DC, and please specify the arrival time of each truck at the San Diego P&DC.

RESPONSE:

Listed below is the requested Dispatch of Value information:

Origin Facility	Transportation Mode to San Diego CA P&DC	Arrival Time @ San Diego CA P&DC
Oakland P&DC	Direct Truck	16:00
San Francisco P&DC	Direct Truck	17:30
San Jose P&DC	Direct Truck	18:30
North Bay P&DC	Transfer through San Francisco P&DC	17:30
Salinas P&DF	Transfer through San Jose P&DC	18:30

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-65. Please refer to your response to DFC/USPS-GAN-62. Please provide the arrival times of the trucks that transport First-Class Mail from the San Diego P&DC to the Oakland P&DC, the San Francisco P&DC, and the San Jose P&DC.

RESPONSE:

Listed below is the requested Dispatch of Value information:

Origin Facility	Destinating Facility	Scheduled Arrival Time
San Diego CA P&DC	Oakland P&DC	16:00
San Diego CA P&DC	San Francisco P&DC	17:30
San Diego CA P&DC	San Jose P&DC	15:30

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-66. Please refer to your response to DFC/USPS-GAN-62(b), which indicates that First-Class Mail from the San Diego P&DC to the North Bay P&DC is transported directly to the North Bay P&DC, bypassing the ADC that serves the North Bay P&DC. Please explain how you would determine whether the arrival of mail from the San Diego P&DC to the North Bay P&DC at 17:45 is consistent with the national model, which provides for a CET at the *destination ADC* not later than 18:00.

RESPONSE:

In a prior interrogatory, DFC/USPS-GAN-58(g), you asked the following question:

Please discuss the extent to which the San Diego P&DC likely labels First-Class Mail destined to SCF's in ADC Sierra CA and ADC Peninsula CA to the SCF level, not the ADC level. For example, would mail destined to SCF Sacramento CA be labeled to SCF Sacramento CA, not ADC Sierra CA? Similarly, would mail destined to SCF North Bay CA be labeled to SCF North Bay CA, not ADC Peninsula CA?"

The response was as follows:

At a minimum, Pacific Area Plants sort Originating First-Class mails to the SCF level for all Pacific Area SCF destinations. Consequently, the labeling of Intra-Pacific Area First-Class Mail is to the SCF level, not the ADC level.

As previously explained, all Pacific Area Plants sort Originating First-Class mails to the SCF level for all Pacific Area SCF destinations. This means that it is the intention for Intra-Area Plants, such as the San Diego-to-North Bay pair you are inquiring about, to provide a deeper depth of sort in order to bypass the ADC level. Such deeper depths of Originating sortation (below the ADC level) are fairly common (and are locally determined) when adequate volumes of a particular destination are available at a specific origin.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
RESPONSE to DFC/USPS-GAN-66 (continued):

These Originating Plants are preparing the mail to go deeper into our sortation system, below the ADC level. Therefore, although 17:45 is *still* prior to 18:00, the National Destination ADC CET of 18:00 does not apply because they have intentionally bypassed the ADC level, and are at what we refer to as the “SCF” level.

**RESPONSE OF CHARLES GANNON
ON BEHALF OF UNITED STATES POSTAL SERVICE
IN RESPONSE TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY**

OCA/USPS-GAN-1. Please refer to paragraph 18 of the Declaration of Charles M. Gannon, which the Postal Service filed on July 30, 2001. In this paragraph, you cited a goal of "improved consistency." Please identify and cite the types of information and data available to you that led you to believe that opportunities or a need existed to improve consistency in First-Class Mail delivery. If possible, please provide the information and data on which you relied.

RESPONSE:

The goal of "improved consistency" was one that was passed down to my team from Senior Management at the beginning of the 2 & 3-Day Project in April 1998. While this was in the form of verbal discussions for which there are no records, I can tell you that one of the primary factors was the National Yearly EXFC Trends for prior years. As I recall, our EXFC Overnight scores had moved from the low 80s in the early 1990s to the low 90s in recent years, subsequent to the implementation of the Service Standard changes associated with Phase One of the standards modified by N89-1. However, the 2 & 3-Day scores had remained stagnant, in the middle-to-high 70s, despite some changes being associated with the initial implementation of Phase Two in the early 90s.

As explained in response to OCA/USPS-9, for the purposes of the finalization of the Phase 2 Service Standard changes in FY2000 and FY2001, the Postal Service did not perform any historical analysis regarding the service performance between any particular 2-Day or 3-Day pairs. However, Senior Management did use the annual overall 2 & 3-Day EXFC scores as a general indicator that the level of service we were rendering to that portion of our mailstream was inconsistent and not at a satisfactorily sustained performance level. The results of this analysis is indicated in the PowerPoint

**RESPONSE OF CHARLES GANNON
ON BEHALF OF UNITED STATES POSTAL SERVICE
IN RESPONSE TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY**

RESPONSE TO OCA/USPS-GAN-1 (Continued)

Presentation, entered as DFC-LR-1, in a "bullet" where it is noted "Customer Expectations Not Met on 2/3 Day Mail".

While there are no additional documents from that time frame citing the EXFC trends to which I refer, a review of the annual EXFC scores from other sources supports my recollection, as follows:

FISCAL YEAR	EXFC 1 DAY	EXFC 2 DAY	EXFC 3 DAY
1992	82.87	76.63	79.18
1993	83.61	77.24	80.26
1994	81.91	72.49	75.03
1995	85.73	77.55	80.21
1996	89.25	78.82	79.52
1997	91.57	76.37	77.48
1998	93.01	82.84	81.43
1999	93.32	86.52	85.57
2000	93.83	86.36	84.32
2001	93.51	84.55	80.68

United States Postal Service

**Charles Gannon
(USPS-T-1)**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-1. Please refer to your testimony at page 1, lines 10–13. In considering the overall effect of the changes in service standards that are the subject of this proceeding, do you believe that the Commission should give any consideration to whether the net *volume* of First-Class Mail subject to a three-day delivery standard instead of a two-day delivery standard increased or decreased? If not, please explain.

RESPONSE:

It would be shortsighted, in my opinion, for the Commission to just focus on either ZIP Code pairs or volume, to the exclusion of the other. Both should be considered in a review of the overall process we used and its outcome. Likewise, instead of examining only the EXFC system data pertaining to downgrades that you requested and that you rely on in your testimony, the Commission also should examine data relevant to the impact of the service standard upgrades. For instance, I am informed that, in the aggregate, the ZIP Code origin-destination pairs that were upgraded from 3-day to 2-day First-Class Mail service have seen an improvement in average days-to-deliver from approximately 2.6 days in FY 1999 to approximately 2.1 days in FY 2003.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-2. Please refer to your testimony at page 1, lines 14–16. Please provide the “national average for originating First-Class Mail volume targeted for delivery by Day 2” for the most-recent period *prior to* implementation of any of the changes in service standards that are the subject of this proceeding.

RESPONSE:

73 percent.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-3. Please refer to your testimony at page 1, lines 16–18. Please provide the current percentage of First-Class Mail volume originating in California that is destined to a ZIP Code for which the service standard is:

- a. one day;
- b. two days;
- c. three days.

RESPONSE:

Below are the ODIS volume percentages for First-Class Mail originating in California that were projected for the period after implementation as we were designing and implementing the model, compared to actual FY2003 ODIS data.

Service Standard	<u>Projected</u>	<u>FY 2003</u>
a. one day --	44.9%	49.9%
b. two days--	26.6%	22.6%
c. three days --	28.5%	27.6%

For perspective, the FY 2003 national originating volume data are provided below:

one day	42.0%
two days	26.7%
three days	31.3%.

Thus, for FY 2003, an estimated 72.5 percent of California originating First-Class Mail was destined to a ZIP Code with either a one-day or two-day service standard, compared to the 68.7 percent of First-Class Mail nationwide average.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-4. Please refer to your testimony at page 1, lines 20–21 and page 2, lines 1–2. In your opinion or the Postal Service’s opinion, is the “impact” of the changes in service standards on First-Class Mail originating in California insignificant?

RESPONSE:

There is no mention of “insignificant” in the referenced lines and I would not characterize the changes in California as such. The referenced lines only declare that the changes were not, in my view, “devastating”. Reasonable minds can disagree about whether something is “insignificant”. However, in my view, the net changes in California would certainly fall much closer to “insignificant” than to “devastating”. However, I fully recognize that every action we take as an organization could be regarded as having some degree of “significance” to somebody.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-6. Please refer to your testimony at page 2, lines 5–11. Do you believe that customers send all their First-Class Mail according to a “custom” that would allow them to send the First-Class Mail in question one day earlier, as you suggest in your testimony?

RESPONSE:

Certainly not all, but a substantial, if unquantifiable proportion of customers could send some of their mail a day earlier.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-7. Please refer to your testimony at page 2, lines 5–11. Please consider the situation in which a customer needs a First-Class letter delivered on Wednesday. Please confirm that this customer, consistent with your suggestion, should mail the letter two days earlier than was customary — i.e., on Saturday instead of Monday. If you do not confirm, please explain.

RESPONSE:

That would be the case in the particular example that you have selected.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-8. Please refer to your testimony at page 2, lines 5–11. Are you aware that, for some customers, the need for delivery of an item arises exactly two days, and not three days, prior to the necessary delivery date?

RESPONSE:

That is one of a variety of possibilities.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-9. Please refer to your testimony at page 2, lines 13–14. Please specifically identify all statements, contentions, claims, and conclusions in sections I or VI of my testimony that you believe are undermined, weakened, or otherwise negatively affected by the “flaw” in my analysis that you perceive to result from my discussion of a critical entry time (CET) rather than an estimated time of arrival (ETA).

RESPONSE:

Please see the following portions of DFC-T-1:

Page 11, line 21: *“With a national CET, no ADC may require two-day mail destined to that ADC to arrive prior to the CET. The CET is 18:00. The CET is the latest time that mail can be planned to arrive at the destination ADC and still be expected to be processed in time to make delivery on the intended delivery day.”*

Page 12, line 5: *“When the computer-projected truck drive time is more than 12 hours, the Postal Service continues to impose a three-day service standard even if the mail actually is scheduled to arrive at the destination ADC before the CET of 18:00.”*

Page 16, line 15: *“For example, the truck that transports ADC Los Angeles CA and ADC Sequoia CA mail from Reno to the Los Angeles P&DC arrives at 17:40, 20 minutes prior to the CET for two-day mail.”*

Page 27, line 23: *“This example demonstrates further problems. The truck that transports mail from Reno to the Los Angeles P&DC arrives at 17:40, 20 minutes prior to the CET for two-day mail. DFC/USPS-GAN-58(d). Thus, the Postal Service seemingly could provide two-day service to customers in ADC Los Angeles CA and ADC Sequoia CA using surface transportation, regardless of the travel time that the computer estimated, because transportation in fact exists to achieve two-day delivery by surface transportation, the Postal Service’s preferred method.”*

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

RESPONSE TO DFC/USPS-T1-9 (continued)

Page 28, line 5: *“Several conclusions should be obvious. First, if the Postal Service was willing to manipulate the model for ADC Twin Valley CA, a similar manipulation should have been possible for ADC Los Angeles CA and ADC Sequoia CA. Second, if two groups of mail can arrive at a P&DC prior to the CET for two-day mail”*

Page 29, line 1: *“For mail from Reno to ADC Los Angeles CA and ADC Sequoia CA, the Postal Service clearly is not providing efficient service because the Postal Service could be providing two-day delivery service within one of the constraints of its own national model — arrival of two-day mail by the 18:00 CET.”*

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-10. Please refer to your testimony at pages 2–6 and your response to DFC/USPS-GAN-58(d) and 64. Please explain how the arrival times of the trucks for two-day mail from Reno to ADC Twin Valley CA and San Jose to ADC San Diego CA are or are not consistent with the national model.

RESPONSE:

Please see the response to DFC/USPS-GAN- 58(d), which indicates:

First-Class mail originating in Reno for ADC Los Angeles is trucked to the destination via HCR 980BE trip 406, which leaves Reno, Day 1, at 06:00 and arrives at Los Angeles at 17:40.”

As previously discussed, the latest an ETA could be constructed under the Model was 17:00. According to the response to DFC/USPS-GAN- 64, the truck from San Jose to ADC San Diego CA does not arrive until **18:30**, well past the latest possible ETA of 17:00.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-12. Please refer to your testimony at page 5, lines 11–14.

- a. Please confirm that an originating P&DC places a label on the container of outgoing mail before dispatch, that this label indicates the expected or targeted delivery day, and that the expected or targeted delivery day is calculated based on the day of origination and the applicable service standard. If you do not confirm, please explain.
- b. Please provide a copy of a sample label described in part (a) of this interrogatory.

RESPONSE:

a&b. Confirmed. I am informed that the labels help to identify which mail should be given priority, when there is limited space available on transportation. They also serve to identify which mail should be given priority in processing, when there are time or equipment capacity constraints. For a sample of such a label, please see the response to DBP/USPS-137(b).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-13. Please refer to your testimony at page 5, lines 11–14. Suppose that two trays of mail from Northern California arrive at ADC San Diego on Tuesday at 17:00. Suppose, further, that one tray originated in Oakland and is labelled for delivery on Wednesday, while the other tray originated in San Francisco and is labelled for delivery on Thursday.

- a. Please confirm that, on some occasions, the destination ADC may defer processing of the tray labeled for delivery on Thursday.
- b. Please confirm that destination ADC's sometimes consider the day of delivery indicated on the container label in deciding when and whether to process a particular container of incoming mail on a particular day. If you do not confirm, please explain the purpose of printing the day of delivery on container labels.

RESPONSE:

(a) & (b). Confirmed. I am informed that there are times that the processing of mail can be “deferred” until a later operating window, based on the appropriate mail processing hierarchy existing at a particular time or equipment capacity constraints. The Delivery Day on the label is only one of many factors that are under consideration when such a decision is made.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-14. Please refer to your testimony at pages 7, lines 17–19.

- a. Please confirm that, for mail originating in San Diego and destined to ADC Peninsula CA, the computer projected a drive time from the San Diego P&DC to the Oakland P&DC. If you do not confirm, please explain.
- b. Please confirm that, for mail originating in Reno and destined to ADC Twin Valley CA, the computer projected a drive time from the Reno P&DC to the P&DC in Santa Clarita. If you do not confirm, please explain.
- c. Please confirm that the model normally considers projected drive time from the originating P&DC to the P&DC that processes mail for the destination ADC. If you do not confirm, please explain.

RESPONSE:

a&b. Confirmed.

- c. This is not confirmed, as you have it worded. In DFC-T-1, you indicate that, “[f]or brevity, [you] will use the term P&DC to refer to P&DC’s, P&DF’s, and CSF’s.” Therefore, to be clear in responding to your question, I must emphasize that the Model calculated the projected drive time from the “Parent P&DC” that was designated in the Model to the P&DC which serves as the Destinating ADC. It was not calculated from any of the other originating facilities that were not designated as a “Parent” P&DC, but which you collectively refer to as P&DCs in your testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-15. Do you believe that the service standard for First-Class Mail from Reno to Los Angeles CA 900 should continue to be three days?

RESPONSE:

Until such time as the parameters of the Model (drive times, CTs, ETAs, Buffers, etc) are uniformly modified, and then applied system-wide, yes, I believe that all the standards, including Reno-to-Los Angeles, should remain as originally modeled.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-17. Please refer to your testimony at page 8, lines 4–14. With the benefit of hindsight, to conform to the model, do you believe that the Postal Service should have implemented a three-day service standard for mail from San Diego to ADC Peninsula CA and from Reno to ADC Twin Valley CA?

RESPONSE:

With the benefit of hindsight, as previously stated in my direct testimony, I believe that designating Los Angeles and San Francisco as the P&DCs which are more realistically serving as the ADCs would have made the output of the Model more consistent with the 2-day reach that other “non-pseudo-ADCs” experienced. If the pairs mentioned would have then become 3-Day, I would not have had a problem with it. The idea of the Model was to develop a method of consistently determining what Service Standards would exist between pairs based on reasonable parameters. No matter where you “stop” in your 2-day reach -- 2 hours, 12.5 hours, 13 hours -- there is always another facility “a little farther down the road” that someone will think could have been included. Unfortunately, based on operating parameters, you have to eventually “draw a line” to decide how far is far enough. This is what we did with the 12-hour drive time, and I still think that such a systemic approach is the correct methodology for the future, even when operating and transportation changes will inevitably occur, as will the parameters of the Model.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-18. Please refer to your testimony at page 8, lines 15–16. Please identify the lines of my testimony where I supposedly claimed that the “pseudo-ADC” concept was “illogical and detrimental.”

RESPONSE:

At pages 25, lines 11-19, your testimony criticizes some of the consequences of designating certain facilities as pseudo-ADCs for purposes of the Model and characterizes the results of the Model as “illogical and detrimental.” Without being specific, you end the paragraph by declaring that the “Postal Service could have avoided results that are . . . illogical and detrimental.” Although you appear to have a results-oriented regard for the pseudo-ADC concept, it is easy to read DFC-T-1, lines 18-19, as applying to every contributor to the specific results that you regard to be illogical and detrimental, including the pseudo-ADC concept.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-19. Please refer to your testimony at page 9, lines 10–12. If the Postal Service had not been phasing out contracts for dedicated air service that was being used primarily to fly mail between points in the West and Southwest, would your team have considered maintaining two-day service between some of these city pairs? Please explain your response.

RESPONSE:

It is impossible to say with any degree of certainty what the outcome would have been if, in hindsight, I were to assume hypothetical conditions that did not exist at the time.

We were tasked with developing a national system, not just a regional system, as explained at page 9, lines 12-22 of my testimony. I have no basis for knowing whether the outcome would have been any different than the Model which was subsequently implemented.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-22. Please refer to your testimony at page 12, lines 11–18. Please explain why the Priority Mail processing network can accommodate arrival times for two-day mail as late as 22:00 while the First-Class Mail automation of mail processing in each mail stream.

RESPONSE:

I am informed that the primary reasons Priority Mail can be accommodated later in the day than First-Class Mail are as follows:

(1) Volume. The volume of First-Class Mail is well over 100-times greater than that of Priority Mail.

(2) Depth of Sort. Due to the larger volume of FCM, we perform sortations many levels “deeper” than we do for Priority Mail. The plants process FCM down to the Delivery-Point sequence level for carrier routes, which requires multiple passes on automation. Such multiple passes, even with automation, requires a longer operating window. For Priority Mail, the Delivery Units ultimately perform the sortation to the carrier route level.

With regard to the portion of the question concerning the “level of automation of mail processing in each mail stream”, I am informed that Priority Mail is either processed manually or in a mechanized environment, with no automated processing occurring other than at the Twin Cities Metro Hub, where we are currently in First Article Testing an Automated Package Processing System.

For FCM, our “Total Piece Handlings” processed on automation is currently at 96% for Letter Mail and at 83% for Flats.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-23. Please refer to your testimony at page 12, lines 19–22 and page 13, lines 1–11. Has your team resumed the work described in your testimony to consider whether the FedEx contract might present any opportunities for reconsideration of any downgrades in service standards from two days to three days?

RESPONSE:

Neither my team nor my office has specifically looked at the FedEx contract in conjunction with the specific pairs downgraded from two days to three days by the Realignment Model. For clarification purposes, it should also be noted that the 2 & 3-Day Realignment Team, which developed the FY 00-01 Model, no longer exists.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-24. Please refer to your testimony at page 14, line 18 and page 15, lines 1–2. Please provide the criteria and process by which the Postal Service will consider changing service standards from three days to two days. In your response, please provide all documents that the Postal Service has provided to field offices reminding or advising them that they may request upgrades from three days to two days.

RESPONSE:

Please refer to the OCA-1.doc file in USPS Library Reference C2001-3/1. It contains a copy of the Postal Service policy for internal requests for service standard changes at the time that this proceeding was initiated. That policy has been updated, as reflected below, and is internally posted on Option 26, the Service Standards Directory, of our Corporate Information System (CIS) for all involved to use.

POLICY FOR REQUESTING A SERVICE STANDARD CHANGE

All requests for Service Standard changes must be submitted to the following:

**Manager, Integrated Networks Development
USPS Headquarters; Room 6800
475 L'Enfant Plaza SW
Washington, DC 20260-6800**

POLICY PURPOSE

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

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON
RESPONSE to DFC/USPS-T1-24 (continued)

DEFINITIONS

• **Service Standard**

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

• **Service Standard Directory**

A CIS database which contains the Service Standards between three-digit ZIP Code Origin and Destination pairs within Postal Distribution Facilities for all classes of mail except Express Mail. The Service Standard Directory is updated on a quarterly basis and the Service Standards are used by internal and external postal service performance measurement systems.

GENERAL INFORMATION

- Submissions requesting Service Standard changes of any type must include with the documentation the approval of the Vice President (or a direct-report designee Manager) of the Area responsible for the origination of the request.
- Submissions must include written input, either positive or negative, from the Vice President (or a direct-report designee Manager) of any other Area(s) being impacted by the proposed changes in Service Standards. The concurrence of the other involved Area(s) does not mean automatic approval of a request, nor does a dissenting opinion mean that the request will be automatically denied.
- A poor service performance trend (either EXFC or ODIS), by itself, is not adequate justification to make changes to Service Standards. The frequently seen assumption that “moving overnight offices to 2-day standards may result in higher ODIS/EXFC performance scores”, is probably accurate. However, making such a change under the guise of “improving service” or “leveling service”, without other supporting documentation to operationally justify the change, is considered numerical manipulation and will not result in the approval of the requested change. The office of Integrated Networks Development is not adverse to implementing Service Standard changes, including downgrades, but they must be supported by adequate documentation showing specific support and justification for *necessitating* such a change, rather than just providing a record of poor overall service performance between 3-digit offices.

RESPONSE to DFC/USPS-T1-24 (continued)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

- Originating Service Standards cannot differ among 3-digit ZIPs processed in the same origin plant, i.e. if 210-211-212 are all processed and canceled in the same plant, then they must have the same Originating Standards, since they are commingled. Only if 212 were to be isolated and processed separately (with its own postmark) it would be possible for it to have standards different from 210-211. Destinating 3-digit ZIPs, however, may be able to have different standards even if processed in the same plant, as is sometimes the case with destinating offices identified as ID cities.
- Unless unusual circumstances exist, Service Standard changes will only be implemented concurrent with the beginning of a Postal Quarter. For this reason, requests and supporting documentation should be received in the office of Service Policies & Programs at least four weeks before the end of a Postal Quarter in order to be considered for the next change window.

SUBMISSION REQUIREMENTS

The office of Integrated Networks Development will gladly entertain proposals for Service Standard adjustments or realignments, as long as they are accompanied by documentation which:

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

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

- b) explains how the change will help us meet the **needs of the customer**
- c) shows how such a change will **improve customer satisfaction**
- d) reflects the current **NASS routings** for the mail in question and provides the NASS routings planned to be used if the change is approved
- e) reflects all the projected **volumes** being impacted by the proposal using the most recent Fiscal Year (FY) Average Daily Volume (ADV) statistics available in ODIS (or uses the ADV data for the most recent 13 Accounting Periods)
- f) clearly defines any **labeling changes** which might be required to support the change
- g) includes a **narrative** explaining the rationale behind the request

RESPONSE to DFC/USPS-T1-24 (continued)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

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

- Does adequate transportation exist to support the current Service Standards? If not, is it feasible to establish such service in order to meet the existing Service Standard?
- Is the proposed change consistent with the most current "Customer Needs" information that may be available in Product Management or Consumer Affairs?
- Will the desired change have a positive impact on the Customer Satisfaction level or the public perception of our performance?
- Will the change potentially have a negative public relations impact or create a political inquiry?
- What general impact will the requested change have on Operating Plan CET's & CT's, Transportation schedules, Delivery and Collection operations, DOV's, the transportation mode being used, the origin and destination processing windows for the mail class involved, Mail Processing operations, and on downstream Delivery operations.

APPEAL

Appeals regarding a Service Standard change request denial will be considered when submitted within 30 days of the denial notification. All appeals should be addressed directly to the Manager, Integrated Networks Development.

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-26. Please refer to your testimony at pages 6--8. In which year were the pseudo ADC's in California created?

RESPONSE:

I was unable to locate specific documents approving the creation of the ADCs in question. However, I have reviewed old Domestic Mail Manual's (DMM) and the first time I could find a record of such ADCs appearing in the Labeling List was in the DMM issued on 6-17-90 which showed the following as ADCs: Twin Valley, San Santa, Sierra, and Peninsula. In the subsequent DMM issued on 9-16-90, the "San Santa" name was changed to Sequoia.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-27. Please refer to your testimony at pages 6–8. Please confirm that, even under “dynamic” management of mail sorted and labelled to pseudo ADC’s, First-Class Mail sorted and labelled by the originating P&DC to the destination SCF level would have received its initial incoming processing at the P&DC that corresponds to the destination SCF. If you do not confirm, please explain.

RESPONSE:

Confirmed. I have been informed that First-Class Mail sorted and labeled by the originating P&DC to the destination SCF level would receive its initial incoming processing at the P&DC that corresponds to the destination SCF.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-28. Please refer to your testimony at pages 6–8. Please confirm that the Reno P&DC sorts bar-coded First-Class letter mail destined to California to the AADC level.

RESPONSE:

Confirmed. I have been advised that the Reno P&DC sorts bar-coded First-Class Mail letters destined to California to the AADC level.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-29. Please refer to your testimony at pages 6–8. Please discuss the level (e.g., ADC or SCF) to which the Reno P&DC sorts non-bar-coded First-Class letter mail destined to Southern California.

RESPONSE:

I have been informed that the Reno P&DC sorts non-bar-coded First-Class letter mail destined to Southern California to the ADC level.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-30. Please refer to your testimony at pages 6–8. When did you learn that First-Class Mail destined to the pseudo ADC's in California is not “dynamically” managed.

RESPONSE:

To the best of my recollection, I first became aware of the way the mail in question was actually being handled when I was investigating how to respond to interrogatory DFC/USPS-GAN-55. Although I did not specifically mark this operational epiphany on my calendar, I believe that I became aware of the circumstances sometime early in January 2002.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

Revised: May 4, 2004

DFC/USPS-T1-31. Please refer to your testimony at pages 2–6 and your responses to DFC/USPS-GAN-58(d) and 64 and DFC/USPS-T1-10. Please confirm that the arrival time of the truck for two-day First-Class Mail from Reno to ADC Twin Valley CA is not consistent with the national model. If you do not confirm, please explain.

RESPONSE:

Not confirmed. The National 2 & 3-day Realignment Model did not model trips between specific Origins and specific Destinations. As previously described, the Model was only used to determine which 3-digit ZIP Code pairs qualified to be a 2-day standard. Once a pair has been determined to have a 2-day, or 3-day standard, based on the Model parameters, then the mode of transportation, departure time of transportation, arrival time of transportation, etc., is all locally determined in pursuit of meeting the established Service Standard in the manner deemed most appropriate, in a case-by-case situation.

The Model was only a proxy by which we determined a reasonable 2-day reach for First-Class Mail service standards from any given origin, using national parameters. However, once that standard was established (by the Model), it is up to the local Areas to determine the best way to meet that standard, based on their specific situations. Not only could they determine the mode of transportation, but Areas could, if they decided to on a case-by-case basis, allow specific Origins to get 2-day mail to them past the latest ETA time of 17:00, or even past the symbolic "18:00 CET", if they determined that they could still achieve the scheduled 2-day delivery.

There was no realistic way for a "model" to factor-in all the possible operational permutations that can occur in a real-time management & logistical environment. Nor did we try to achieve that. We allowed local management the necessary latitude to achieve the Service Standards in whatever fashion they deemed most appropriate for

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

Revised: May 4, 2004

RESPONSE to DFC/USPS-T1-31 (continued)

their local circumstances. Therefore, the model did not model "trips" between specific Origins and specific Destinations (such as the Reno to ADC Twin Valley CA cited in DFC/USPS-T1-31), but just established national parameters by which to establish the standard, itself.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-32. Please refer to your testimony at pages 2–6 and your responses to DFC/USPS-GAN-58(d) and 64 and DFC/USPS-T1-10. Please confirm that the arrival time of the truck for two-day First-Class Mail from San Jose to ADC San Diego CA is not consistent with the national model. If you do not confirm, please explain.

RESPONSE:

Please see the response to DFC/USPS-T1-31.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-T1-33. Please confirm that two-day delivery for First-Class Mail transported from the origin P&DC to the destination ADC by truck is possible even if the truck is scheduled to arrive at the destination ADC later than the latest ETA allowed by the national model. If you do not confirm, please explain.

RESPONSE:

Yes, in some cases it is possible that some mail arriving beyond the "latest ETA allowed by the national model" could receive 2-day delivery.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF THE OCA**

OCA/USPS-T1-1. Please refer to your testimony at page 5 and explain why you believe that the EXFC data which serves as a basis for USPS Library reference C2001-3/14 would seem, at a minimum, to discourage the claim that mail with a 3-day service standard is being deferred to prevent delivery before the third day.

RESPONSE:

Mr. Carlson's testimony appears to suggest that, since the implementation of the First-Class Mail service standard changes, the Postal Service also has implemented either a general policy or adopted a general practice of delaying the transportation of mail (formerly subject to a 2-day standard and now subject to a 3-day standard) solely because of the service standard downgrades. The picture painted is one in which mail with a 3-day standard (that could potentially be processed, transported, and delivered in two days) is held back from available surface transportation solely because a 2-day standard no longer applies to it, making the new 3-day standard self-fulfilling in terms of actual delivery.

I am informed that the External First-Class Mail (EXFC) system is not designed to produce statistically valid estimates of service performance between specific origin-destination pairs. Nevertheless, the Postal Service was obligated to produce such O/D-pair-specific EXFC data in response to discovery. Those data were filed in USPS Library Reference C2001-3/12 and serve as the foundation for the data also produced in USPS Library Reference C2001-3/14. If one were to put aside, for a moment, the fact that EXFC is not designed to produce

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF THE OCA**

RESPONSE to OCA/USPS-T1-1 (continued)

Statistically valid time-in-transit estimates for specific O/D pairs, the data in USPS-LR-C2001-3/12 and C2001-3/14 would tend to suggest that, for numerous O/D pairs, a substantial percentage of 3-day mail is being delivered within 2 days. Even taking into consideration their limitations, these disaggregated O/D pair data would seem to discourage any claim that the Postal Service is holding mail back from early transportation opportunities solely because it no longer has a 2-day standard or preventing it from being delivered earlier than the date implied by the new standard.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF THE OCA**

OCA/USPS-T1-2. Please confirm that your testimony at page 6 says that the four "pseudo-ADCs" located in California were all originally designed to have the same sort schemes as each other on their mail processing equipment in order to "dynamically" manage mail volumes on a daily basis to balance the workloads by shifting it among the four plants. If you do not confirm, please explain.

RESPONSE:

That cannot be confirmed. See the top of page 7, where I testify:

At the time of the establishment of the ADCs in question, the plan was for each of the processing facilities under a designated "pseudo-ADC" to have the same ADC sort schemes available on their mail processing equipment.

This should not be interpreted as implying that all four of the "pseudo-ADCs" have the same scheme, but that each facility under each individual "pseudo-ADC" would have access to the same ADC schemes. For example, one of the "pseudo-ADCs" is ADC Sequoia CA. ADC Sequoia processes the mail for 4 subordinate SCFs: Oxnard CA, Santa Barbara CA, Bakersfield CA and Mojave CA.

I am informed that the original concept was that all four of these SCFs would have access to the same ADC processing scheme and ADC mail could be routed to any of the four to serve as the ADC, depending on the daily workload and available resources. However, I subsequently learned that, usually, all the volumes for ADC Sequoia and ADC Twin Valley are worked in the Los Angeles plant, and volumes for ADC Peninsula and ADC Sierra are worked in the San Francisco plant. To further clarify, the four pseudo-ADCs -- Peninsula, Sequoia, Sierra and Twin Valley each have separate schemes and responsibilities for different ZIP Code ranges.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF THE OCA**

OCA/USPS-T1-3. Please refer to your testimony at page 8 where you indicate that "Hindsight now informs us that the mail in question is not normally "dynamically" managed, as originally planned in the design of these "pseudo-ADCs."

- a. Please explain what you mean by "normally."
- b. Is any mail volume among those four "pseudo-ADCs" currently "dynamically" managed?
- c. If the answer is yes to (b) above, how often is the mail volume "dynamically" managed and what is the volume of mail that is "dynamically" managed in each of the "pseudo ADCs" as compared to the original plan?

RESPONSE:

- (a) I emphasized "normally" because there may have been some occasions that the pseudo-ADCs were handled as originally designed, but it has been my understanding that they are not routinely managed in that fashion. I did not want to speak in absolutes when this situation could have occurred in the past or could still occur in the future.
- (b) To the best of my knowledge, volumes are not currently being managed in the same fashion that was described to me as the *intent* when the pseudo-ADCs were created, as further explained in response to OCA/USPS-T1-2.
- (c) N/A

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF THE OCA**

OCA/USPS-T1-4. Your testimony states that in hindsight you might have designated Los Angeles and San Francisco as the sole physical plants for calculating Drive-Time Mileage for all four of the "pseudo-ADCs" and that in the future you would probably consider this option as more representative of reality.

- a. At the time you designed the service standards Model, was it apparent through hindsight that the mail in question was not normally being "dynamically" managed?
- b. Please explain why, given hindsight, you would not now treat each ADC as a regular ADC and designate each plant as having its own Drive-Time Mileage rather than lumping them together into Los Angeles and San Francisco locations?
- c. Would it not be even more representative of reality to treat them as regular ADCs for purposes of the drive time Model than designating Los Angeles and San Francisco as the sole ADC locations?

RESPONSE:

- (a) No.
- (b) Please see the response to OCA/USPS-T1-2. The mail in question is actually worked in the Los Angeles and San Francisco locations, so I now believe that using those actual locations would have produced a more realistic Model.
- (c) No. By using the actual processing locations, I believe that the results would have been "more representative of reality."

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF THE OCA**

OCA/USPS-T1-5. Please refer to your testimony on pages 7-8 where you state that if you had designated Los Angeles and San Francisco, California as the cities from which to establish service standards, rather than using a representative facility for the four "pseudo-ADCs" as a "host" facility from which to designate service standards, then California would have ended-up with fewer 2-day origin-destination pairs than it did in the actual final Model.

- a. Please indicate whether, if you now designated each of the "pseudo- ADCs" on the basis of the way current volumes are managed (apparently with little or no "dynamic" management), rather than selecting a representative facility for the Model, would there be more 2-day origin-destination pairs than there are in the current Model?
- b. If you answer part a affirmatively, in view of the fact that hindsight shows there is not normally "dynamic" management of the mail through those four "pseudo-facilities, does the Postal Service have any plans to re-designate these ADCs and so increase the number of 2-day origin-destination pairs in the Model? If not, why not?

RESPONSE:

- (a) This question cannot be answered as worded, because Los Angeles and San Francisco would not be "representative" facilities, since they are the facilities where the mail is actually worked.
- (b) If you still desire some type of response to this question, please rephrase it, taking into account the responses provided to OCA/USPS-T1-2, OCA/USPS-T1-3, and OCA/USPS-T1-4.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF THE OCA**

OCA/USPS-T1-6. Please refer to your testimony at page 9 where you state the team preparing the National 2 & 3-Day Model "was aware that the Postal Service was phasing out regional contracts for dedicated air service that was being used primarily to fly mail between points in the West and Southwest."

a. If these regional contracts had not been phased out, would there have been more 2-day origin-destination pairs in those regions than were in the final model?

RESPONSE:

(a) It is impossible for me to say with certainty what the outcome would have been, if we had approached the task under different circumstances than those we faced. Your question raises one possibility. On the other hand, we still might have ended up with an outcome not significantly different than the Model which was subsequently implemented.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS GANNON
TO INTERROGATORIES OF THE OCA**

OCA/USPS-T1-7. Your testimony on pages 9-12 discusses problems with the reliability of commercial airlines. You do not specifically indicate that similar problems existed with dedicated air contracts.

- a. What data did you have regarding the reliability of deliveries for mail transported under dedicated air contracts?
- b. What cost data did you rely upon to take the cost differences of dedicated air and surface transportation into account to determine, as you say you did on page 10, lines 17-22 of your testimony, that you would need to "make adjustments to service standards" based upon "economical" transportation alternatives?
- c. Did the team ever develop a maximum unit cost or other cost that would be permissible to justify using dedicated air contracts for a 2-day service standard between origin-destination pairs rather than using surface transportation for a 3-day service standard?

RESPONSE:

- (b) Please see the response to DFC/USPS-GAN-14 (a&b). We did not use any specific cost data since, as previously stated, our mission was not to "cut costs." However, we were generally aware of the overall costing hierarchy that dedicated air was the most expensive, commercial air was next, and surface transportation was, generally speaking, the least expensive mode of transportation. The intent of that section of my testimony was to emphasize that our objective was not to explore new, more costly, methods of transportation, such as purchasing a National fleet of helicopters, but to design a Service Standard methodology that would work within the framework of our existing transportation options (which included some dedicated air).
- (c) No.

United States Postal Service
Institutional

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

DBP/USPS-1

Please refer to Paragraph 12 of the Declaration of Charles M. Gannon filed on July 30, 2001, ("Gannon Declaration").

- (a) Are Clearance Times for each of the Processing and Distribution Center ("P&DC") the same for each of the types of processing dates, such as, weekday, Saturday, Sunday, and Holiday?
- (b) Is the Clearance Time at a given P&DC the same for all mail, such as, various overnight, 2-Day, and 3-Day locations?
- (c) Provide any other instances where there will be a difference in Clearance Time for a given P&DC.
- (d) Provide a more specific definition for the term "ready for final dispatch" for the Clearance Time, specifically the relationship between time that the mail starts moving away from the P&DC and the Clearance Time.
- (e) Please indicate any activities that take place between the Clearance Time and the departure of the mail from the P&DC including an approximate time for each activity listed.
- (f) Please provide a listing of the Clearance Times for each P&DC. If there are different times for different circumstances, as noted in the response to subparts a, b, or c above, please indicate in the listing.

RESPONSE:

- (a) Objection filed.
- (b) No, while they can be the same, there is no such requirement. In fact, the National "No Later Than" (NLT) CTs now in effect are not even the same, as follows:

1-Day	01:30
2-Day	02:30
3-Day (surface)	02:30
3-Day (air)	04:30

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

RESPONSE to DBP/USPS-1 (continued):

- (c) Objection filed.
- (d) Ready for final dispatch" means that all the processing, sortation, bagging, traying & labeling of the mail has been completely accomplished, and that the mail is available and ready to be loaded onto its scheduled Dispatch of Value (DOV), even if that DOV does not leave until hours later.
- (e) Objection filed.
- (f) Objection filed.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

DBP/USPS-2 Please refer to Paragraph 12 of the Gannon Declaration.

- (a) Are Critical Entry Times for each of the Processing and Distribution Center ("P&DC") the same for each of the types of processing dates, such as, weekday and Saturday?
- (b) Is the Critical Entry Time at a given P&DC the same for all mail, such as from various overnight, 2-Day, and 3-Day locations?
- (c) Provide any other instances where there will be a difference in Critical Entry Time for a given P&DC.
- (d) Provide a more specific definition for the term "can accept mail" for the Critical Entry Time, specifically the relationship between time that the mail arrives at the P&DC and the Critical Entry Time.
- (e) Please indicate any activities that take place between the arrival of the mail at the P&DC and the Critical Entry Time including an approximate time for each activity listed.
- (f) Please provide a listing of the Critical Entry Times for each P&DC. If there are different times for different circumstances, as noted in the response to subparts a, b, or c above, please indicate in the listing.

RESPONSE:

- (a) Objection filed.
- (b) "Ready for final dispatch" means that all the processing, sortation, bagging, traying & labeling of the mail has been completely accomplished, and that the mail is available and ready to be loaded onto its scheduled Dispatch of Value (DOV), even if that DOV does not leave until hours later.
- (c) Objection filed.
- (d) Again, the premise of the 2 & 3-Day Model under discussion is that the CET targets are at the ADC level, not the P&DC level. Assuming the

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

Response to DBP/USPS-2 (continued):

question actually was intended to address ADC CETs, the CET is the latest time that mail can be planned to arrive at the facility in question and still be able to be processed in time to make delivery on the intended Service Standard Day based on the Operating Plan of the Facility.

(e) Objection filed.

(f) Objection filed.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

DBP/USPS-3.

Please refer to Paragraph 16 of the Gannon Declaration.

- (a) Please provide a discussion and listing of the National parameters that were established regarding the designation of the Clearance and Critical Entry Times at various P&DCs.
- (b) Please provide copies of all memoranda, directives, electronic messages, etc. that were distributed to P&DCs to implement these National parameters.
- (c) What is the National "No Later Than" Clearance Time?
- (d) What is the National "No Earlier Than" Critical Entry Time?

RESPONSE:

- (a) In addition to the information contained in paragraphs 12, 16 and 17 of the July 30, 2001, Gannon Declaration, the Postal Service established National standards for the "Clearance" of Originating Mail in the Origin Plants (approximately 380 CSFs, P&DFs and P&DCs which process our Outgoing Mail). The times were established as No Later Than (NLT) times, which means it is the latest time that the plants could finalize their outgoing mail, unless they received an official exception from Headquarters. The times established were 01:30 for 1-Day mail (even though no adjustments were made to Overnight Service Standards during this period); 02:30 for 2-Day and 3-Day Surface; and 04:30 for mail designated for 3-Day Air Transportation. A National No Earlier Than (NET) CET was established at 18:00, Day 1, for 2-Day mail, and 08:00, Day 2, for 3-Day mail.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

RESPONSE to DBP/USPS-3 (continued):

- (b) In addition to the PowerPoint presentation filed as a part of DFC LR-1, the initial notification to our Area Offices regarding the establishment of the National Clearance Times was done by telecom by Joseph Harris, who was at that time the Manager, Service Management Policies and Programs office, wherein he conducted verbal "Catchball" negotiation sessions with each of our Area offices in early 1999. During those phone conversations he entertained (among other things) Area requests for exceptions to the new National Clearance Times. The first written reference to the new National Clearance Times was his letter to the field outlining the parameters on May 17, 1999. See USPS LR C2001-3/1, file OCA-15A.
- (c) In addition to the information contained in paragraphs 12, 16 and 17 of the aforementioned Gannon Declaration, the Postal Service established National standards for the "Clearance" of Originating Mail in the Origin Plants (approximately 380 CSFs, P&DFs and P&DCs which process our Outgoing Mail). The times were established as No Later Than (NLT) a time, which means it is the latest time that the plants could finalize their outgoing mail, unless they received an official exception from Headquarters. The times established were 01:30 for 1-Day mail (even though no adjustments were made to Overnight Service Standards during this period); 02:30 for 2-Day and 3-Day Surface; and, 04:30 for mail designated for 3-Day Air Transportation.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

RESPONSE to DBP/USPS-3 (continued):

- (d) It is the earliest time that an ADC may be allowed to establish their 2-Day and 3-Day CETs in their Operating Plan. As previously explained, the National No Earlier Than (NET) CET at ADCs was established at 18:00, Day 1, for 2-Day mail. This means that, for instance, the ADCs may establish its CET at 19:00, or later, if they so desired, but they are not allowed to establish it at, say, 17:00...or anytime earlier than 18:00.

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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. Efficiencies 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
CATERET 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-5

- (a) Please confirm that the Clearance Time relates to an individual P&DC.**
- (b) Do Clearance Times apply to any of the intermediate facilities? If so, please provide a listing of the intermediate facilities and their Clearance Times (including data if there are different times on different days or destinations).**
- (c) Please explain any items above that you are not able to confirm.**

RESPONSE:

- (a) Yes, all P&DCs have CTs.**
- (b) Yes, CT's apply to intermediate facilities. An objection to disclosure of the Clearance Times for each intermediate facility has been filed.**
- (c) N/A**

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DBP/USPS-6

- (a) Please confirm that Critical Entry Times apply to both P&DCs and intermediate facilities.
- (b) If so, please provide a listing of the intermediate facilities and their Critical Entry Times (including data if there are different times on different days or for other reasons).
- (c) Please explain any items above that you are not able to confirm.

RESPONSE:

- (a) All P&DCs, P&DFs, CSFs, AADCs and ADCs have established Operating Plans that contain various types of CETs for the various types of mail they process.
- (b) A listing of the facilities is in USPS-LR-C20001-3/1, file OCA12B2. An objection to the provision of each facility's CETs has been filed.
- (c) N/A

FURTHER REVISED RESPONSE OF UNITED STATES POSTAL SERVICE
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Revised 11/8/2001

DBP/USPS-7

Please advise if the Clearance Times and Critical Entry Times can be different at a given facility with respect to mail destined to different sub-facilities. For example, at ADC Facility X there will be a different CT with respect to mail destined to P&DC Facility A than for mail destined to P&DC Facility B (both P&DCs are under ADC Facility X).

RESPONSE:

Each Area Distribution Center has a specific single facility CET that applies to all incoming ADC mail. This CET allows adequate processing time prior to the Dispatch of Value (DOV) to downstream subordinate Sectional Center Facilities, (Processing & Distribution Centers, P&D Facilities, Customer Service Facilities, and other facilities designated as SCFs) in order to meet the CETs for those facilities. Each ADC also has a single CT for finalizing their ADC Operation. This CT is scheduled in order to meet the appropriate DOVs to each downstream subordinate SCF.

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DBP/USPS-8

Please refer to Paragraph 18 of the Gannon Declaration. It is noted that a 12-hour highway drive-time was chosen to determine those areas that would be 2-Day delivery.

- (a) Was the Clearance Time at a given P&DC chosen as the starting time of the 12-hour time frame? If not, what time was chosen and what is the relationship of that time to the Clearance Time for that P&DC?
- (b) What is the requirement of the ending of the 12-hour time frame? Is it the Critical Entry Time at the ADC? Is it the Critical Entry Time at the individual destination P&DC? If not, what time was chosen and what is the relationship of that time to the Critical Entry Time?
- (c) Please explain why 12 hours was chosen as opposed to some other time.
- (d) Please provide copies of any memoranda, electronic messages, etc. providing the discussion that ensued in determining the 12-hour standard.

RESPONSE:

- (a) The CTs, Buffer Times and their inter-relationship are reflected in the PowerPoint presentation submitted as part of DFC-LR-1. The CT at a given P&DC was not chosen as the starting time of the 12-hour time frame. The 2 & 3-Day Model calculates that the 12-hour drive time "clock" starts at 02:30, irrespective of the individual Clearance Times of the individual originating facilities or the CET of the destinating ADC.
- (b) The 12-hour drive time is a projection generated by the 2 & 3-Day Model. The Postal Service uses the 5-Digit ZIPs of the Origin "Parent" P&DC, along with the 5-Digit ZIPs of the Destination Area Distribution Center (ADC), and the PC Miler software determines the most appropriate surface route and, based on the appropriate State speed limits and type of road being traveled on, projects an estimated "travel time" into an Excel workbook. If the drive time between the Origin Parent P&DC and the Destinating ADC (as mapped by our "GOEZINTA-list") was projected to be

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RESPONSE to DBP/USPS-8 (continued):

between "0" hours-to-12.049 hours, then the Origin Service Standard was considered eligible for an Originating 2-Day Service Standard. If the "drive time" between the Origin Parent P&DC and the Destinating ADC (as mapped by our "GOEZINTA-list") equaled 12.05 hours, or more, then the Origin Service Standard was considered eligible for an Originating 3-Day Service Standard.

Therefore, the "ending" of the 12 hour drive time comes when PC Miler, used in conjunction with the Time Zone adjustments contained in the model, projects a drive time of more than 12.05 hours.

- (c) Since the goal was to end-up with an increase in the number of ZIP Code pairs being served in 2-Days, 12 hours was selected as the absolute farthest the Postal Service could go and still be reasonably expected to get the mail to the destination in time to be processed for 2-Day delivery in a consistent and dependable fashion.
- (d) The search for responsive documents has been completed. None has been located. Consultations with personnel involved lead to the conclusion that all pertinent communications were either conducted in face-to-face meetings or over the telephone.

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(DECEMBER 3, 2001)

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.

COMPELLED RESPONSES OF THE UNITED STATES POSTAL SERVICE
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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.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN**

DBP/USPS-10

Revised 10/22/01

Please refer to Paragraph 18 of the Gannon Declaration as it relates to the building of a computer model.

- (a) Please confirm that the computer model was utilized to determine highway drive-time between the two involved points.
- (b) Please confirm that those points that were 12 hours or less became 2-Day standard.
- (c) Please confirm that those points that were 12 hours and 1 minute or more became 3-Day standard.
- (d1) Please confirm that all overnight points have a time of 12 hours or less.
- (d2) Please provide a listing of those Origin-Destination ZIP Code pairs that have a time of 12 hours or less between them that are presently receiving 3-Day delivery standards.
- (e1) Please provide a listing of those Origin-Destination ZIP Code pairs that have a time of 12 hours 1 minute or more between them that are presently receiving 2-Day delivery standards.
- (e2) Please explain any items above that you are not able to confirm.

RESPONSE:

- (a) Yes, the PC Miler portion of the model generated those drive times.
- (b) The vast majority of those P&DC to ADC points that projected 12.049 hours or less drive time either stayed 2-Day or became 2-Day standards. However, some Temporary Exceptions were granted based on requests from Senior Management in our Area offices, and some pairs were allowed to remain 3-Days.
- (c) Actually, the Postal Service used the criterion that if the drive time rounded to 12.1 hours (anything over 12.049 hours), the mail was eligible for a 3-Day standard. However, some Voluntary Upgrade Exceptions were granted, based on requests from Senior Management in our Area offices, and some pairs were allowed to remain 2-Days, even though they were over 12.1 hours drive time.

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Response to DBP/USPS-10 (continued):

- (d1) Confirmed.**
- (d2) The same question was essentially asked as part of DBP/USPS-55.
Responsive information is being compiled and will be filed in response to that interrogatory.**
- (e1) The same question was essentially asked as part of DBP/USPS-55.
Responsive information is being compiled and will be filed in response to that interrogatory.**
- (e2) N/A**

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-11

Revised 10/22/01

Please refer to Paragraph 18 of the Gannon Declaration as it relates to the building of a computer model.

- (a) Please provide details of the "customized transportation software package" that was utilized in the computer model. What is the source of this package? Please provide a copy of the documentation for this package.
- (b) Please discuss all of the criteria that were used in building the computer model.
- (c) Please confirm, or explain if you are unable to do so, that the objective of this package was to achieve a realistic travel time between the two given points.
- (d) Please advise whether the following conditions were considered and utilized, and the extent to which they affected, in determining the travel time between the two given points:
 - (1) The specific roads that would be utilized in transporting the mail between the two given points;
 - (2) The authorized speed limits for these roads;
 - (3) The average speed that vehicles travel on these roads at the time of the actual trip in transporting the mail between the two given points;
 - (4) The extent to which traffic volume may affect the speed achieved;
 - (5) The extent to which weather may affect the travel time;
 - (6) The extent to which there are variations in the travel time as a result of the time of day;
 - (7) The extent to which there are variations in the travel time as a result of the day of the week;
 - (8) The extent to which there are variations in the travel time as a result of the season of the year.
 - (9) The extent to which crossing of a time zone boundary is involved.
 - (10) The extent to which there are differences in changing to Daylight Savings Time between the two points involved (one end changes while the other end doesn't).
 - (11) The extent to which the driver of the vehicle makes a planned stop for resting or other purposes including a change of drivers.
 - (12) The extent to which it is necessary to transfer mail at an intermediate point.

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RESPONSE to DBP/USPS-11:

- (a) The software used is called PC Miler. The company that produced the software, ALK Associates, Inc., was contacted to determine whether the Postal Service could make a copy of PC Miler, or the documentation, in order to respond to this question. As indicated by USPS LR C2001-3/1 (file OCA-12B-4), the Postal Service was informed that its single user license does not permit it to provide a copy of ALK's software, or documentation and that interested parties may make arrangements to purchase a copy through ALK by calling (609) 683-0220.
- (b) Each of the CSFs and P&DFs were assigned to Parent P&DCs regarding the 2 & 3-Day Model. Therefore, each P&DC, along with its subordinate CSFs and P&DFs, all have the exact same Originating 2 & 3-Day Service Standards. This includes all mail that is deposited by the locally determined posted times at mailboxes, post offices and all processing facilities feeding into the Parent P&DC. In all these instances, the Originating 2 & 3-Day Service Standards will be the same regardless of where the mail is deposited, as long as it is deposited by the Posted time. The only exception to this is that the 2 & 3-Day Model allowed for 17 remotely located CSFs and P&DFs, out of the 381 Originated Processing Facilities, to be designated as "Outliers", offices that could not reach the designated "Parent" P&DC in time to connect to the planned 2-Day Transportation Network. In those 17 cases, the Service Standards were allowed to remain as they were prior to the Phase 2 changes initiated during FY-2000 and FY-2001.

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RESPONSE to DBP/USPS-11 (continued):

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However, even in those 17 cases, the mail that is deposited by the locally determined posted times at mailboxes, post offices and all facilities feeding into the CSF or P&DF which has been designated as an "Outlier" are consistent throughout the whole area of deposit, in that the Service Standards remain consistently the same.

Each of the 83 Processing & Distribution Facilities (P&DFs) and 124 Customer Services Facilities (CSFs) was assigned as "subordinate facilities" to one of the larger 174 Processing & Distribution Centers (P&DCs) in the contiguous 48 states, which was then considered, for Service Standard Mapping purposes, to be the "Parent" P&DC. The Postal Service then purchased and used an off-the-shelf transportation software package named PC Miler, which has a plug-in module to interface with Microsoft Excel, to determine projected travel-time between an Origin and Destination.

The Postal Service then used the 5-Digit ZIPs of the Origin "Parent" P&DC, along with the 5-Digit ZIPs of the Destination Area Distribution Center (ADC), and PC Miler determines the most appropriate route and, based on the appropriate State speed limits and type-of-road being traveled on, projects an estimated "travel time" into an Excel workbook.

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RESPONSE to DBP/USPS-11 (continued):

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The basic "mathematical" formula used is as follows:

All Service Standard pairs that were not already Overnight (1-Day) were eligible;

If the "drive time" between the Origin Parent P&DC and the Destinating ADC, as mapped by our "Organizational Structure List" (referred to as the "GOEZINTAlist") equaled from 0 hours-to-12.049 hours, then the Origin Service Standard was considered eligible for an Originating 2-Day Service Standard.

If the "drive time" between the Origin Parent P&DC and the Destinating ADC equaled 12.05 hours, or more, then the Origin Service Standard was considered eligible for an Originating 3-Day Service Standard.

The Model allowed for Originating "Outliers" and for either Upgrade or Downgrade "Exceptions", based on Headquarters-approved requests from our Area offices in response to localized situations.

The Destination Service Standards for all ZIPs contained in any area listed as a Destination ADC were all to be consistent throughout the ADC, i.e., either all 2-Day or all 3-Day.

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RESPONSE to DBP/USPS-11 (continued):

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- (c) **PC Miler allowed for us to customize individual State-by-State speeds to match those by which the USPS contracts. Due to the large size of vehicles used to transport mail, the Postal Service has developed a modified list of State speeds that are incorporated into highway contracts. USPS LR C2001-3/1 (file OCA-12A) is a copy of the that document which was used in developing the 2 & 3-Day Model. Since there was an over 19% difference, on an average, between the State Limits and the speeds at which the USPS contracts at, we modified PC Miler to list the appropriate State speed and then, using a formula in Excel, added a corresponding 20% more time to the travel time initially projected by PC Miler, in order to allow for our slower contracting speeds.**

Additionally, since time zones are frequently crossed while transporting mail from east to west and vice versa, mathematical calculations were made in order to adjust travel times to corresponding wall-clock times, in order to maximize the number of 2-Day offices we could consistently reach in time for 2-Day delivery.

Example:

The actual highway drive time between Denver CO and Las Vegas NV is 13.0 hours. However, if trucks left both places simultaneously at 02:30 AM, the trip from Denver would arrive at 14:30 PM Las Vegas time and the trip from Las Vegas would arrive at 16:30 PM Denver time -- a difference of 2 hours, even though there is only a one-hour time zone

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RESPONSE to DBP/USPS-11 (continued):

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difference. For this reason the 2 & 3-Day Model also made appropriate mathematical corrections to the travel times projected by PC Miler in order to determine the real wallclock time at the destination, since that is the barometer of whether or not there is adequate time available to process the mail in time for 2-Day delivery.

So, yes, determining a realistic drive time between the two given points, used in conjunction with our operating parameters, was one of the primary objectives of the use of PC Miler in assisting with building the 2 &3-Day Model.

- (d) (1) Yes.**
- (2) Yes.**
- (3) No.**
- (4) This was not part of PC Miler, but is part of the adjustment that was made for because of the speeds incorporated into highway contracts.**
- (5) No.**
- (6) No.**
- (7) No.**
- (8) No.**
- (9) Yes.**
- (10) Yes.**
- (11) This was not part of PC Miler, but is part of the adjustment that was made for highway contract speeds.**

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RESPONSE to DBP/USPS-11 (continued):

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- (12) Yes, this was factored in with the Buffer Times that were part of the model.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS CARLSON

DFC/USPS-13. Please refer to the response to DBP/USPS-85(o). For mail originating in or destined to the California cities of San Francisco, Oakland, and San Jose, please identify all instances of changes in First-Class Mail service standards implemented in 2000 or 2001 in which the affected mail was transported by air before the changes were implemented and in which the affected mail continues to be transported by air after the changes were implemented.

RESPONSE:

Assuming that this question refers to 2-day mail, as did the referenced response to interrogatory DBP/USPS-85 (o), then it is almost always the case that such mail is now transported by surface. There are no *planned* instances of 2-day mail traveling by Air prior to the 2000/2001 changes that are now traveling by air to/from the cities of San Francisco, Oakland, and San Jose. The 2-day standards for the cities in question are mainly intra-California pairs, which are all scheduled to be reached by surface transportation.

Unfortunately, due to the reasons outlined in our supplemental response to DBP/USPS-17b, we do not have the ability, at this time, to distinguish whether or not mail being flown between airstops is 2-day or 3-day mail, nor can we currently identify the specific postal facility which generated the volume emanating from a particular airstop. Therefore, since it is *possible* that, due to operational or logistical failures, some mail *could*, on very rare occasions, be flown between California cities, we cannot state with absolute conclusiveness that such mail has *never* been flown since the 2000/2001 changes. All we can state is that, if it did, such instances would be unplanned and infrequent.

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(DECEMBER 4, 2001)

DBP/USPS-14 Please advise the various categories, such as those mentioned in DBP/USPS-13, for which the Postal Service has separate data for [a] EXFC results [b] ODIS results.

RESPONSE:

(a&b) EXFC mail categories include stamped, metered, barcoded, letters, flats, and cards. For ODIS, see the Docket No. R2001-1 response to DFC/USPS-5.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-15

Please confirm, or explain if you are unable to, that for any given P&DC, the service standards are the same regardless of where the article is mailed, so long as it is entered into the system on the day of mailing in an area that is under the jurisdiction of that P&DC.

RESPONSE:

Each P&DC, along with its subordinate CSFs and P&DFs, all have the exact same Originating 2 & 3-Day Service Standards. This includes all mail that is deposited by the locally determined posted times at mailboxes, post offices and all processing facilities feeding into the Parent P&DC. In all these instances, the Originating 2 & 3-Day Service Standards will be the same regardless of where the mail is deposited, as long as it is deposited by the posted time. The only exception to this is that the 2 & 3-Day Model allowed for 17 remotely located CSFs and P&DFs, out of the 381 Originated Processing Facilities, to be designated as "Outliers", offices that could not reach the designated "Parent" P&DC in time to connect to the planned 2-Day Transportation Network. In those 17 cases, the Service Standards were allowed to remain as they were prior to the Phase 2 changes initiated during FY-2000 and FY-2001. However, even in those 17 cases, the mail that is deposited by the locally determined posted times at mailboxes, post offices and all facilities feeding into the CSF or P&DF which has been designated as an "Outlier" are consistent throughout the whole area of deposit, in that the Service Standards remain consistently the same.

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DBP/USPS-16.

Revised 10/22/01

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) Please advise the minimum area that may be included in an area that is receiving overnight service from a given P&DC. For example, may it be limited to a 5-digit ZIP Code, a 3-digit ZIP Code prefix, all of the 3-digit ZIP Code prefixes under the jurisdiction of a given P&DC, the area under the jurisdiction of a given ADC, etc.?**
- (b) Same as subpart a, except for an area that is receiving 2-Day service.**
- (c) Same as subpart a, except for an area that is receiving 3-Day service.**

RESPONSE:

- (a) Overnight areas pre- and post-Docket No. N89-1 generally were defined in that proceeding as "Intra-SCF." Overnight areas today are the functional equivalent, at a minimum. To examine existing overnight areas, examine the CD-ROM Service Standards map filed as part of DFC-LR-1.**
- (b) See PRC Op. N.89-1 at 5, which summarizes the pre- and post-N89-1 criteria for defining 2-day areas. See also, the materials referenced at page 7 of the July 30, 2001, USPS Motion to Dismiss filed in this proceeding.**
- (c) 3-day areas have been and continue to be those which are not 1-day or 2-day.**

SUPPLEMENTAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

REVISED: APRIL 11, 2003

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 the islands and the mainland exists, although the degree of frequency and availability is seasonal in nature and affected by adverse weather more than air transportation.
- (b) The USPS has diligently attempted to develop an appropriate supplemental response to this question. In our initial response to DBP/USPS-17b we replied:

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.

SUPPLEMENTAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
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REVISED: APRIL 11, 2003

SUPPLEMENTAL RESPONSE to DBP/USPS-17 continued

Unfortunately, despite our efforts, we have been unable to produce any viable data in follow-up to our initial comment that we would attempt to provide a list of 2-day First-Class Mail pairs that may be traveling by air transportation.

While we do track volumes by weight between airstop points, we do not currently have the ability in our data systems to distinguish whether or not the mail in question being flown is 2-day or 3-day mail, nor can we currently identify the specific postal facility which generated the volume emanating from a particular airstop. In addition to this, air and surface routings are frequently changed based on fluctuating operational situations and the ever changing availability of air transportation which is responsive to our operational requirements.

Here is an example in order to illustrate the difficulty we encountered in trying to develop the matrix:

The following 6 Parent P&DCs -- Washington DC, Dulles VA, Southern MD, Suburban MD, Baltimore MD, Northern VA - all, on occasion, route mail through the following 3 airports -- Reagan National (DCA), Dulles (IAD) and Baltimore International (BWI).

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SUPPLEMENTAL RESPONSE to DBP/USPS-17 continued

Southern MD, Suburban MD and Baltimore MD all have a 2-Day Service Standard to ADC Portland ME 040, while Washington DC, Dulles VA and Northern VA have a 3-Day standard to Portland.

If Reagan National shows, for instance, 500 pounds a day flying to Portland ME, our current system cannot isolate in which of the 6 major facilities the mail in question originated (or even whether it actually originated from another nearby facility such as Richmond VA). It cannot distinguish whether the mail in question was "scheduled" to travel that route, or was diverted to air on just that day due to operational failures, or was routed that way due to cancelled surface transportation. It cannot tell us whether the origin of the mail was, perhaps, outside the DCA area (and it was being rerouted through DCA due to weather or other circumstances) or even whether the mail in question has a 2-Day or 3-Day standard.

Networks Operations Management at Postal Headquarters is in the early stages of developing a system which will eventually identify the elements sought in this interrogatory. Currently, there is no projected activation date for such a system enhancement. At a recent open Board of Governors meeting, postal management received approval to move ahead with the implementation of the planned Surface Air Support System (SASS). SASS is a system which will collect data from our Surface Air Management System (SAMS) and our FedEx routings. It will also contain scanned data from our terminal handling scanners.

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SUPPLEMENTAL RESPONSE to DBP/USPS-17 continued

It is the amalgamation of these databases which we eventually expect to allow us to be able to isolate the kind of dataset sought by DBP/USPS-17b.

Since our initial response to DBP/USPS-17b, we have made several attempts, without success, to find a way to “extract” this data from our existing national systems.

Unfortunately, we find ourselves in a position to be unable to provide data that are responsive to this portion of the interrogatory.

Despite our inability to generate and provide the requested matrix, the original thrust of the question posed by Mr. Popkin was already fully responded to in our initial reply. Mr. Popkin wanted to know whether or not the use of surface vs. air transportation was a determining factor in whether or not the Service Standard ultimately assigned to the pair was 2-Day or 3-Day. As indicated in our earlier response, the answer to that question is an unequivocal “no”... the mode of transportation we *actually* use on a daily basis had no bearing on the assignment of the Service Standard. As explained in many of our other responses throughout this proceeding, and in our initial response to DBP/USPS-17b, a 2-Day standard was modeled solely on a 12-hour Drive Time formula from the Parent P&DC to the Destinating ADC. If a pair fell within the 12 hours, it was considered reachable by

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SUPPLEMENTAL RESPONSE to DBP/USPS-17 continued

surface transportation, and assigned a 2-Day standard by the Model. Therefore, even if a pair was “actually” traveling by air for operational/logistical reasons (such as inadequate volume between the pair to cost-justify a regular surface route) the use of surface transportation would not be expected to result in another day or more added to delivery times.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN**

DBP/USPS-18.

Revised 10/22/01

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 is reciprocity considered or utilized between two P&DC facilities that are overnight to each other. Namely, if P&DC B receives overnight service from P&DC A, what is the status of P&DC A receiving overnight service from P&DC B?**
- (b) Same as subpart a except with respect to 2-Day service.**
- (c) Same as subpart a except with respect to 3-Day service.**

RESPONSE:

- (a) There has been no policy of mandatory reciprocity.**
- (b&c) There has been no policy of mandatory reciprocity. See the July 30, 2001, Gannon Declaration, at ¶30. Due to the fact that the exchange of mail in the postal network involves the crossing of time zones, and that the network design, based on volume flows, is not "square" (i.e., there are 174 Origin P&DCs, but only 88 ADCs in the contiguous 48 states), the concept of "reciprocity" was intentionally not applied. The results of using "reciprocal" Service Standards would have forced the Postal Service to take all the 2-Day vs. 3-Day non-reciprocal pairs and make them 3-Days in both directions in order to make them "reciprocal", since, by definition, "advancing" 3-Day mail to 2-Days could not be achieved on a consistent and dependable basis. However, reciprocal 3-Days standards in both directions could be achieved.**

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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RESPONSE to DBP/USPS-18 (continued):

Revised 10/22/01

The Postal Service elected not to reduce the service to all those 2-Day pairs that occurred in "non-reciprocal pairs. It should be noted, however, the Service Standard changes that occurred in FY2000 and FY2001 reduced the amount of non-reciprocal pairs in the nation from 71,382 down to 38,584 pairs, a nationwide reduction of 46%.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-19.

Revised 10/22/01

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 is the volume, either an absolute volume or a percentage of the total volume, of mail from a given facility that is destined to another facility considered or utilized in evaluating those areas that will receive overnight service? Provide details of the volume or percentage levels.**
- (b) Same as subpart a except with respect to 2-Day service.**

RESPONSE:

- (a) It has not been a factor.**
- (b) Volume between P&DC and ADC pairs was not a factor considered during the FY2000-01 finalization of Phase 2 of the service standard realignment plan. There are no remaining records related to the initial implementation of Phase 2 to indicate the extent to which it was a factor at that time. Current policy regarding the extent to which volume is a factor is reflected in the 2-day service standard definition, which is quoted on page 7 of the July 30, 2001, USPS Motion to Dismiss.**

COMPELLED RESPONSES OF THE UNITED STATES POSTAL SERVICE
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(DECEMBER 3, 2001)

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.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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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:

- (b) The Postal Service has no measure of the extent to which such activity occurs.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-22

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. To what extent is it desired to have all mail destined to locations within the same state as either overnight or 2-Day service standards?

RESPONSE:

To the extent that it was consistent with the service standards existing at the time of Docket No. N89-1, it was desired to have all mail destined to locations within a state as either overnight or 2-Day. It is currently desirable, to the extent that it is consistent with current service standards, which are different than those in effect when Docket No. N89-1 was initiated.

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REVISED May 2, 2003

DBP/USPS-23 Please furnish a copy of the service standards that existed at the time of Docket N89-1 as well as copies of all versions that have been released since that time. Please provide an explanation of the types and extent of changes that occurred between each of the versions provided.

RESPONSE:

The service standard directory is overwritten every postal quarter. CD-ROM copies of earlier quarter versions are not routinely archived. It is impossible to reconstruct all of the changes that have been made among the over 800,000 3-digit ZIP Code origin-destination pairs since the time of Docket No. N89-1. There are no computerized records of the service standards for all ZIP Code pairs in existence at that time. The current proceeding is about changes that took place in FY2000 and FY2001, which are apparent by examination of DFC-LR-1.

After an exhaustive search, the following isolated copies of diskettes and CD-ROMS for the postal fiscal quarters listed below were compiled from various personnel at Headquarters and in the field and have been mailed to the interrogator for examination. In many cases, they are the only copies that could be located. After his examination and the return of these copies, they will be made available to other parties to examine upon request. Routine, minor changes that have occurred between quarters since the initiation of this litigation have been addressed in earlier discovery responses. During 2000 and 2001, there were no changes other than those which prompted the initiation of this litigation. The Postal Service has been unable to locate records pertaining to the minor changes that were implemented before 2000 that are irrelevant to this proceeding.

FY 97 Q1, Q4; FY98 Q1, Q3, Q4; FY99 Q4; FY2000 Q1-Q4

FY01 Q1-Q4; FY02 Q1, Q2, Q4; FY03 Q1-Q3

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Revised 11/09/2001

DBP/USPS-24.

Please refer to Paragraph 15 of the Gannon Declaration as it refers to the use of commercial air transportation service.

- (a) Provide a definition of the term "commercial air transportation service."
- (b) Prior to the changes that were implemented in the past two years, please advise the percentage of 2-Day mail that was transported by surface, by commercial air transportation service, and by other means (specify the means and provide separate data for each means that transports 1% or more of the total volume).
- (c) Same as subpart b except for current data.
- (d) Same as subparts b and c except for 3-Day mail.
- (e) Provide details and specific data over at least the past five years which will demonstrate the level of reliability of commercial air transportation.
- (f) Explain why the loss of reliability had a more significant impact on 2-Day mail. Also please state what the word "more" refers to.

RESPONSE:

- (a) In this context, the term is used to refer generally to commercial passenger air service other than that which is dedicated by contract primarily or exclusively to the transport of mail. Passenger airlines which also transport mail in their cargo holds are an example of "commercial air transportation service" utilized by the Postal Service.
- (b-d) No transportation data exist which separate mail volume for a particular mail class on the basis of the service standard applicable to portions of that mail.
- (e) Materials which provide an indication of the reliability of commercial airline service experienced by the Postal Service have been filed as USPS Library Reference C2001-3/2.

The Library Reference includes Air Travel Consumer Reports issued by the U.S. Department of Transportation. These reports reflect the "block

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RESPONSE TO DBP/USPS-24 (continued)

time” on-time percentage for various domestic commercial passenger airlines, many of which are contracted by the Postal Service for the transport of mail. “Block time” is the period from gate departure to gate arrival. It gives an indication of the degree of on-time flight reliability experienced by the Postal Service, to the degree that mail is being transported by these airlines. These airlines also may “bump” mail from an assigned flight to a later flight, depending on the combined weight of passengers and luggage. Thus, the DOT numbers do not reflect the degree of on-time service experienced by mail carried by air, but indicate the maximum degree of timeliness which mail not bumped can experience from gate to gate. The DOT reports do not measure the on-time performance of loading and unloading of mail, or the transfer of mail to and from postal Air Mail Facilities, all of which contributes to whether mail is transported to the postal AMF in a timely fashion.

In addition to the DOT reports, the Postal Service has been trying to develop a statistically valid sample-based system for measuring air carrier transport and transfer of Priority Mail. The system currently in place generates the Air Carrier Performance (ACP) scores in USPS-LR-C2001-3/2. The ACP measurement system was designed to provide a basis for determining incentive payments to commercial passenger airlines for improving on-time performance. However, it has been determined that the system does not approach a level of statistical reliability sufficient for it

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RESPONSE TO DBP/USPS-24 (continued)

to be used for that purpose. Nevertheless, the Postal Service considers that the data generated by the system provide an indication of the degree to which Priority Mail handled by various airlines arrives on time at postal AMFs, which has an impact on the Postal Service's ability to meet service standards. In the absence of specific data about First-Class Mail, ACP scores for Priority Mail have been used as an indicator of the quality commercial passenger airline handling of First-Class Mail. The data serve to bolster the anecdotal information received by postal transportation and logistics managers from the field which supports the conclusion that the level of quality of the transportation of mail by commercial passenger airlines falls even farther short of expectation than "block time" scores would suggest.

- (f) A delay in air transportation is more likely to adversely affect 2-day mail than 3-day mail because, for the former, there is a narrower window within which to execute "Plan B" (to catch the next available flight) in an effort to meet the service standard than with 3-day mail.

In the first instance, the word "more" is used in reference to the word "erratic." In the second instance, it is used in reference to the word "significant." It is not clear what is intended by this part of the question.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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Revised 11/21/2001

DBP/USPS-25

Please refer to Paragraph 24 of the Gannon Declaration.

- (a) Please provide a copy of the referenced presentation, in the form of PowerPoint slides.
- (b) Please provide copies of any other memoranda or directives that were utilized in the finalizing the 2 and 3-Day Service Standard effort.

RESPONSE:

- (a) A redacted copy was filed with the Commission by the Complainant.
See DFC-LR-1.
- (b) Please see USPS Library Reference C2001-3/7. The "Excel" files in this Library Reference are copies of documents from which point-to-point ODIS volume data have been redacted, as noted in the index accompanying the Library Reference.

COMPELLED RESPONSES OF THE UNITED STATES POSTAL SERVICE
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(DECEMBER 3, 2001)

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

COMPELLED RESPONSES OF THE UNITED STATES POSTAL SERVICE
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(DECEMBER 3, 2001)

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.

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE
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Revised 11/09/2001

DBP/USPS-27

- (a) Confirm in general that air transportation will be more costly than surface transportation.
- (b) Confirm in general that air transportation will provide more expeditious service than surface transportation.
- (c) If not, explain.
- (d) Is air transportation utilized in all instances where it would advance the delivery time for First-Class Mail by one or two days over that which may be obtained by utilizing surface transportation in whole or in part?
- (e) If not, why not and explain how the handling of this mail could be considered to be handled expeditiously.
- (f) Provide copies of any regulations, directives, or memoranda issued at Area or above level which specify when to utilize air transportation service.
- (g) Provide copies of any press releases, directives, or other memoranda which were issued at the Headquarters level to indicate the level of service that would be provided to First-Class Mail at the time that Air Mail was eliminated as a separate domestic service some twenty years ago.
- (h) Does the level to which air transportation is utilized today match the level that was stated when Air Mail was eliminated as a separate service?
- (i) If not, explain how and why it does not.

RESPONSE:

- (a) Yes, in general, air transportation will be more costly than surface transportation.
- (b) No, that statement is not uniformly correct.
- (c) One impacting factor, for instance, is the specific distance between the cities involved. Example: Pittsburgh PA P&DC clears their Originating 2-

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RESPONSE to DBP/USPS-27 (continued):

Day mail destined for Buffalo NY at 02:30 AM. Theoretically, they could have a surface trip going directly to the Buffalo P&DC which departs at 02:30. The projected drive time to Buffalo is 4.4 hours (4 Hours & 24 minutes), thus putting the projected arrival time at the Buffalo P&DC at 06:54.

In order to route the same mail by air, there is an actual surface trip to the Pittsburgh AMC departing, also, at 02:30. The trip arrives at the Pittsburgh AMC at 03:05. There is a highway to air carrier transfer time of 1 hour for processing through the AMC. There is a 0:35-minute minimum time prior to the departing flight that the airlines require to handle the mail. This would put the mail available for flights departing sometime after 04:40. The very first flight available to Buffalo is US Air-446 departing at 08:35 and scheduled to arrive at Buffalo at 09:32. Once at the Buffalo airport, US Air has 1:40 hours (including the buffer) to bring the mail to the AMC. The AMC then has a minimum of 20 minutes to get the mail ready for transportation going to Buffalo P&DC. That makes the mail available for transportation at 11:32.

The first scheduled surface trip from the AMC leaves at 11:40 and arrives at the Buffalo P&DC at 12:05. Aside from the very real issues of airline dependability, this puts the mail in question at the processing plant 5 hours and 11 minutes after the surface trip...that is, if everything works

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RESPONSE to DBP/USPS-27 (continued):

exactly right through the air network in a "best case" scenario. Obviously, this would not be the case on a Pittsburgh to Los Angeles trip, but it clearly demonstrates that a 57-minute flight is not "more expeditious" than, in this case, a 4 Hour & 24 minute surface trip.

- (d) In all likelihood, not.
- (e) In the same manner that the question in subpart (b) recognizes that there are degrees of expedition ("plain" expedition and "more" expedition) which contribute to the expeditious level of service experienced by First-Class Mail.
- (f) A copy of Handbook M-22 Dispatch and Routing Policies (October 1994) has been filed as USPS Library Reference C2001-3/5.
- (g) Objection filed.
- (h) The levels are probably not the same, but there are no records available that would permit a very precise comparison.
- (i) N/A

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-28

Revised 10/22/01

- (a) Does the USPS have a requirement that all mail which is placed into the system on a given day will be postmarked that day and will be processed that same day?**
- (b) Does the USPS have a requirement that all mail turned in over a service window that is open to the public will be postmarked that day and will be processed that same day?**
- (c) Does the USPS have a requirement that all mail turned into a city delivery, rural, or HCR carrier or which is collected by a carrier will be postmarked that day and will be processed on that day?**
- (d) Does this apply to all delivery dates including Saturday?**
- (e) Explain and elaborate on any negative answers.**

RESPONSE:

- (a) No. For instance, in this scenario, mail could be deposited in a collection box hours after the final pick-up and not picked up, postmarked and processed until the next day.**
- (b) No. Mail that is deposited in the evening at a late night service window could be postmarked at the window, but still not processed until after midnight. If it is deposited there in bundles or trays, it may be placed in a hamper, but not be postmarked on a facer-canceler and processed until after midnight.**
- (c) Yes.**
- (d) Yes.**
- (e) See answers above.**

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-29

Please confirm, or explain if you are unable to do so, that Day 0 with respect to the determination of the services standards being either 1-, 2-, or 3-Days will be:

- (a) Mail which is presented to a retail service window clerk up to the time of the closing of the window.
- (b) Mail which is turned into or collected by a city delivery, rural, or HCR carrier on a given day.
- (c) Mail which is deposited in a collection box up to the time of the latest collection time shown on that box.
- (d) Mail which is turned in at a post office platform up to the designated time.

RESPONSE:

Confirmed.

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE
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Revised 11/09/2001

DBP/USPS-30.

Please identify and provide copies of any USPS Inspection Service, USPS Inspector General, or General Accounting Office reports that have been issued with respect to service standards of First-Class Mail.

RESPONSE:

See Docket No. R20001, USPS LR I-380, for the April 1998 Postal Inspection Service audit report . Three additional Office of the Inspector General reports pertaining to EXFC have been identified. Copies are provided in USPS Library Reference C2001-3/6.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-31

Please refer to your response to DBP/USPS-1 subpart d, does the travel time clock start when the mail is "Ready for final dispatch", or when the DOV actually leaves the facility?

RESPONSE:

Neither. The Drive Time "clock" starts for all Originating P&DCs at 02:30, Day 1. It works in conjunction with the Buffer Times that are outlined in the PowerPoint presentation included in DFC LR-1. As described in that document, the Drive Time, plus the Buffer Time (2.5 or 3.5 hours, depending on the length of the trip), equals the Expected Time of Arrival (ETA) at the Destination ADC.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-32

Please refer to your response to DBP/USPS-2 subpart d, in addition to ADCs, do P&DCs also have a Critical Entry Time?

RESPONSE:

While the destinating Critical Entry Times at P&DCs, which are subordinate to Area Distribution Centers, are not specifically a part of the 2 & 3-Day Model calculations, yes, P&DCs do have CETs regarding the planned arrival of mail from their Parent ADCs.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-33

Please refer to your response to DBP/USPS-3 subpart b, please provide a listing of the official exemptions that have been provided by Headquarters and the justification for each exemption.

RESPONSE:

See USPS LR C2001-3/3 , file DBP-33 for the Clearance Time exceptions, and justifications, in place for the implementation of the 2 & 3-Day Service Standard Model.

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DBP/USPS-34

Please refer to your response to DBP/USPS-4 subparts a and b, please confirm that for 2-Day and 3-Day service standards, the standards will apply to an entire destination ADC area.

RESPONSE:

Yes, 2 & 3-Day standards are applied consistently to an entire destination Area Distribution Center area.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-35

Please refer to your response to DBP/USPS-8 subpart b, please explain what is meant by the expression “as mapped by our “GOEZINTA-list”.

RESPONSE:

As noted in response to DBP/USPS-11, the GOEZINTA list is the “Organizational Structure List”. It is a table which maps the inter-relationships between the Processing & Distribution Centers (P&DCs), Processing and Distribution Facilities (P&DFs), Customer Service Facilities (CSFs), Area Distribution Centers (ADCs), Automated Area Distribution Centers (AADCs) and Sectional Center Facilities (SCFs) in our Originating and Destinating networks and is part of the 2 & 3-Day Model.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-36

Please refer to your response to DBP/USPS-8 subpart c, based on the latest Clearance Time of 2:30 AM for 2-Day mail and the earliest Critical Entry Time of 6 PM, please explain why 12 hours was chosen as the maximum drive time when there is a minimum 15-1/2 hour period between the CT and CET.

RESPONSE:

As outlined in the PowerPoint presentation in DFC LR-1, the 2 & 3-Day Model includes designated Buffer Times of either 2.5 or 3.5 hours, depending on the length of the trip. When one adds the 12 hours Drive Time to the 3.5 hours Buffer Time, the total is the "15-1/2 hour period" cited. These Buffer Times allow for multiple stops, dock transfers, and handling through the transportation network, while still allowing the Postal Service to meet the designated Estimated Time of Arrival/Critical Entry Time at the destination Area Distribution Center.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

DBP/USPS-37

Please refer to your response to DBP/USPS-11 subpart b, please provide a listing of the 17 "outliers" including the facility they are associated with and their CT/CET.

RESPONSE:

See USPS LR C2001-3/3, file DBP-37 for the Originating Outlier exceptions. Since they are only Originating Exceptions, only CTs are applicable, therefore no CET information has been included in the referenced file.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

DPB/USPS-38

Please refer to your response to DBP/USPS–11 subpart c, (a) please confirm, or explain if you are unable to do so, that the Postal Service will include in its contract with organizations that transport the mail between facilities a minimum speed at which the vehicles are to be operated at. (b) Please confirm, or explain if you are unable to do so that, on average, the contracted speed will be over 19% less than the speed limit established for that road. For example, if the authorized speed limit is 55 MPH, the Postal Service will contract for that route to be driven at, on average 44.55 MPH.

RESPONSE:

It cannot be confirmed what the average contracted minimum speed is without an analysis of all contracts. Local conditions are factored in each determination and the contracted minimum speed varies from route to route, with higher speeds in less congested parts of the country. It can be confirmed that minimum contracted minimum speeds are lower than the applicable speed limits.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN**

DBP/USPS-39 Please provide copies of those records that are available over the past two-year period which show the actual time utilized for various trips by the organizations that transport mail between facilities [at or above the P&DC level] as compared to the calculated value. I would like to be able to compare the reliability of the computer program in determining the travel time between two facilities.

RESPONSE:

PC*MILER® is a tool used in projecting mileage and drive times throughout the shipping and transportation Industry. It is used by over 20,000 motor carriers, shippers and logistics companies. In addition, more than 40 IFTA/IRP (International Fuel Tax Agreement and International Registration Plan) jurisdictions are using PC*MILER as an auditing tool. PC*MILER is also used by more than 750 FMCSA (Federal Motor Carrier Safety Administration) federal and state safety investigators to verify motor carriers' compliance with safety regulations. Here are some of the PC*MILER database statistics:

- 340,000 accessible locations
- 734,500 North American road miles
- Over 4,000 updated Truck Stops from Comdata's GeoFUEL truck stop network

- Updated five-digit U.S. ZIP Codes

- 630 CAT Weigh Scale Stations

- County name designation for every US location

- U.S. Department of Defense (DoD) and General Services Administration (GSA) Compliance

- Most recent North American road openings, name changes and construction updates

- Enhanced major metro area ZIP Code designation

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN**

RESPONSE TO DBP/USPS-39 continued

PC*Miler is a highly regarded product that is used in both the private sector and by other government Agencies. As previously stated in other responses, PC Miler also has the capability of customization. This allowed the Postal Service to take into account postal contracting speed limitations and produce a final product that was tailored for our needs. The Postal Service has not encountered any major difficulties with the data produced by PC Miler and regards it to have been a valuable tool in modeling the drive times for 2 & 3-day destinations. We did not locate any empirical data which define the accuracy of PC Miler versus competing products with *specific* regard to "travel time." As a further indication of the widespread use of PC*MILER, below is a sampling of information from Web URL locations and press releases issued by other users of the product. These links suggest that the product is widely-used throughout the shipping industry, including those who handle time-sensitive shipments:

<http://www.thechoice.com/dispatch.htm>

<http://www.pcmiler.com/news/pressrel/dodpr1.html>

<http://www.fedex.com/us/about/customcritical/pressreleases/pressrelease050500.html?link=4>

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

DBP/USPS-40

Please refer to your response to DBP/USPS-11 subpart d, please explain why each of the five items that are not considered and utilized are not utilized.

RESPONSE:

The projected Drive Times generated by the use of the customized version of PC Miler closely matched the times by which the Postal Service currently contracts for surface transportation service. The elements cited (3, 5, 6, 7 & 8) were variables that were not offered as possible modifications within the PC Miler program.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-41

Please refer to your response to DBP/USPS-18 subparts b and c, please reconcile the difference between the claim that volume flows are related to why reciprocity was not considered while the response to DBP/USPS-19 states that volume was not a factor.

RESPONSE:

The reference to “volume flows” in the response to DBP/USPS-18(b&c) speaks to the required presence of a specific level of volume that is necessary for the Postal Service to designate an individual destinating facility as an Area Distribution Center, of which we have 88 in the contiguous 48 states. However, the Postal Service has 174 Originating Processing & Distribution Centers. This is the aspect that is not “square” (88 x 174). All ADCs are also P&DCs, but all P&DCs are not ADCs.

The reference to “volume flows” in DBP/USPS-19 conversely speaks to the fact that the model used the existing P&DC/ADC network, therefore, whether an Origin P&DC or Destinating ADC was a “high volume” or “low volume” P&DC/ADC did not come into play at all. The same parameters were applied to all the facilities irrespective of their individual volume rankings.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-42

Please refer to your response to DBP/USPS-18 subparts b and c, please explain how the “not square” concept of the network will affect the consideration of reciprocity since each of the 88 ADCs will have one or more P&DCs associated with it and reciprocity could apply to all P&DCs in that ADC.

RESPONSE:

The 2 & 3-Day Model used the 177 Origin Processing & Distribution Center to 88 Destinating Area Distribution Center network to determine those paired facilities which were within the 12-hour drive time.

Example:

As outlined as a matter of record as part of DFC LR-1, South Florida P&DC 330 is an Origin P&DC. It dispatches mail to ADC Columbia SC 290. The projected drive time is 11:36, therefore it was designated for a 2-Day standard. However, when Origin P&DC Columbia SC 290 routes mail back to ZIP Code 330, it is not dispatched to South Florida, because it is not a designated ADC. South Florida is a destinating SCF which falls under ADC Miami FL 331. The projected drive time between Origin P&DC Columbia SC 290 and ADC Miami FL 331 is 12:06, therefore Miami was designated as a 3-Day Service Standard, which includes the subordinate mail for SCF South Florida. So, in this example the ZIPs 330 & 290 are in the same Time Zone, but the “non-square” network structure means there are different standards between those particular ZIP Codes.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-43.

Please refer to your response to DBP/USPS-26 subpart I, please provide a response with respect to the conditions that existed at the time of Docket No. N89-1 and the reasons for eliminating the inquiry of public input for service standards.

RESPONSE:

The Postal Service has been unable to locate records which would confirm whether any such quarterly public solicitations were a matter of policy or the extent to which they were a matter of practice at the time of Docket No. N89-1. Accordingly, the Postal Service is unable to say, if such solicitations were a matter of policy or practice, why they may have been discontinued.

COMPELLED RESPONSES OF THE UNITED STATES POSTAL SERVICE
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(DECEMBER 3, 2001)

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.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-45

Please refer to your response to DBP/USPS-27 subparts b and c, please confirm that in general air transportation will provide more expeditious service than surface transportation for distances beyond the nearby area. Provide your definition of beyond the nearby area that will allow you to confirm this statement. If not, please explain.

RESPONSE:

As indicated in the response to DBP/USPS-27, such an evaluation can only be made on a case-by-case analysis. Your question does not define what you consider to be a "nearby area" and the Postal Service has no such definition, accordingly it is impossible to provide a generalized response to your question.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID POPKIN

DBP/USPS-46

Please refer to your response to DBP/USPS-27 subparts d and e, please provide a listing of those origin-destination pairs where air transportation is utilized to advance the delivery time for First-Class Mail by one or two days over that which may be obtained by utilizing surface transportation in whole or in part and thereby achieving a service standard of overnight or two days. Information on the use of air transportation to achieve a 3-Day service standard is not desired.

RESPONSE:

In those instances where air transportation is used for 2-day mail, it is not used to "advance" delivery times, but to meet the applicable 2-day service standard. Therefore, there is no such list.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-47

Please refer to your response to DBP/USPS-27 subparts d and e, please provide a listing of those origin-destination pairs where air transportation is not utilized to advance the delivery time for First-Class Mail by one or two days over that which may be obtained utilizing surface transportation in whole or in part. The information desired are those pairs where there is currently either a 2-Day service standard that could be converted into an overnight service standard by the use of air transportation in place of existing surface transportation or a 3-Day service standard that could be similarly converted into an overnight or 2-Day service standard.

RESPONSE:

Air transportation is utilized to meet applicable 2-day service standards. It is not used to advance the delivery time that otherwise would be obtained if mail with the same service standard were transported by surface. Thus, it is not used because there is no surface transportation available to meet the same service standard. Hypothetically, one could convert a substantial percentage of (if not almost all) 2-day origin-destination pairs to overnight pairs, if one had access to the always hypothetically perfect supply of airplanes and trucks with the always hypothetically perfect schedules and capacity, matched with hypothetically perfect mail processing operations without capacity limitations or labor issues, and putting aside any considerations of cost. Seeking to accomplish such an objective in the real world would be complicated and it is not clear what purpose would be served by seeking to accomplish such an objective. The same would be true of converting existing 3-day service standards to 2-day and overnight service.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-48

Please refer to your response to DBP/USPS-27 subpart e, please explain how the handling of the mail in those areas provided in response to DBP/USPS-47 could be considered to be handled expeditiously.

RESPONSE:

It would not be an unreasonable conclusion, taking into account all facts and circumstances. As implied by both the question and the response to DBP/USPS-27(e), there are relative degrees of "expedition." As made clear by the response to DBP/USPS-27(c), defining "expedition" to mean "transportation by air only" is simplistic, and does not always account for practical realities.

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(DECEMBER 3, 2001)

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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(REVISED -- DECEMBER 4, 2001)

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 overnight 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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(DECEMBER 3, 2001)

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.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-54

The Service Standards CD-ROM for Fiscal Year 2002 - Quarter 1 has just been released.

- (a) Please provide a copy as a library reference.
- (b) Please provide a listing of all changes (Originating P&DC ZIP & Name / Origin 3-digit ZIP / Destinating ADC ZIP & Name / 3-digit ZIP / Upgrade/Downgrade / Existing Service Standard / New Service Standard) appearing on this version as opposed to the previous version.
- (c) Please explain the reasons for making the changes listed in your response to subpart b.

RESPONSE:

- (a) A copy has been filed as USPS Library Reference C2001-3/4.
- (b) There were no changes made to First-Class Service Standards between PQ 4-01 and PQ 1-02.
- (c) N/A

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DBP/USPS-55

Please refer to Paragraph 18 of the Gannon Declaration as it relates to the building of a computer model. Please provide a listing of each originating P&DC facility to destinating ADC facility path that [a] has a time of 12.049 hours or less between them and are presently receiving 3-Day delivery standards and [b] has a time of greater than 12.049 hours between them and are presently receiving 2-Day delivery standards. Also provide similar data for any special arrangements that are similar to the normal P&DC-ADC path but are different types of facilities.

RESPONSE:

See USPS LR C2001-3/3 , file DBP-55.

**REVISED RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-56

Please refer to the Library Reference USPS-LR-C2001-3 / Policy for requesting a Service Standard Change.

- (a) The heading indicates that this document is as outlined in Option #26 of the Service Standard Directory on the Corporate Information System. Please provide a copy of the complete Directory.
- (b) Refer to the definition of Service Standard where it states that it is an expectation to deliver a piece of mail WITHIN a prescribed number of days. If the Service Standard is two days and the article is delivered overnight, has this expectation been met?
- (c) If the Service Standard is three days and the article is delivered either overnight or in two days, has this expectation been met?
- (d) Provide a complete discussion as to why the definition of Service Standard uses the words "within a prescribed number of days" rather than the words "on the scheduled day of delivery", or words of similar import.
- (e) Has the definition of Service Standard always used the concept of "within the prescribed number of days" going back to the time of Docket N89-1? If not, please provide the definitions that were utilized, the time period of their use, and the reasons for change.
- (f) Please fully describe the requirements to the customer to meet the term "after proper deposit by the customer." in order to achieve the timely delivery of their mail.
- (g) Please provide a copy of the most recent "Service Standard Directory" as defined in this reference.
- (h) Please advise when the mileage data in the Service Standard Directory will be corrected.
- (i) Please advise when the Network Data in the Service Standard Directory will be reinstated.
- (j) Please furnish a listing of all changes to the standards that existed at the approval of Docket No. N89-1 that have been made through the process described in this Policy.

RESPONSE to DBP/USPS-56:

- (a) The complete directory consists of a list of all 4.2 million 3-digit ZIP Code area pairs. This is the total number of pairs on all of the mail class service standard maps (except Express Mail) that are depicted graphically on the Service Standards CD-ROMs that have been filed as part of DFC-LR-1 and as USPS LR C2001-3/4. If there is some purpose relevant to the resolution of the issues raised by the complaint in this proceeding for which you believe the Postal Service should produce the complete list of all 4.2 million pairs depicted on the maps in those Library References, please specifically identify what issue that might be.
- (b) Absolutely.
- (c) Absolutely.
- (d) Because those are the words chosen by whoever chose them.
- (e) No contrary documents have been located.
- (f) Timely delivery of mail is achieved on the basis of a variety of factors, including whether it was properly deposited in a manner and at a time as to maximize the opportunity for dispatch to downstream mail processing operations. Whether those operations run as planned, whether timely transportation connections are made, and whether a piece arrives at the delivery unit in time for delivery within the standard implied by the postmark on the piece, all affect whether delivery within the applicable

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RESPONSE to DBP/USPS-56 (continued):

standard is achieved. Also see the response to DBP/USPS-28, which indicates that the definition of proper deposit varies depending on the mode of deposit and time of day. It is not clear from your question how the precise terms of what constitutes proper deposit in a given instance (putting it in a collection box vs. handing to a letter carrier or highway contract driver or window clerk) have any bearing on whether the service standard changes in question comply with sections 3661 and 3662 of the Postal Reorganization Act. Accordingly, rather than go into a whole lot of detail about the intricacies of mail deposit, further delaying the preparation of responses to questions seeking information relevant and necessary to a resolution of the issues in this proceeding, the Postal Service will focus its resources on relevant questions you and others have asked.

- (g) See the response to subpart (a).
- (h) The Postal Service plans to eliminate the mileage indicator from the Service Standards Map Program, since it represents unrealistic Great Circle Miles, rather than Highway Miles. No specific timetable has been established.
- (i) There are no plans to reactivate the Network Data on the Service Standards Map Program.
- (j) The Postal Service has retained some files relating to some of these requests. However, since these requests have no relationship to the

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RESPONSE to DBP/USPS-56 (continued):

service standard changes at issue in this proceeding, these files are not relevant to this proceeding. Rather than create a voluminous Library Reference full of irrelevant files, the Postal Service will make these records available for inspection to all interested parties who arrange in advance for such an inspection at a mutually convenient time through postal counsel. In order to minimize the waste of time, it is asked that interested intervenors arrange for one joint inspection.

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DBP/USPS-57

- (a) Is there any written material that provides guidelines for the present criteria that is utilized to convert the DMCS requirement for First-Class Mail receiving expeditious handling and transportation (DMCS 252) to the actual 1-, 2-, or 3- day delivery standard? If so, please provide copies. If not, please explain how decisions on requested changes are evaluated.
- (b) Please provide details on the distinctions that are made between the Letters and Sealed Parcels and Cards subclasses and the Priority Mail subclass which have different service standards but are all covered by the same DMCS requirement for expeditious handling and transportation.

RESPONSE:

- (a) Explicitly or implicitly, all postal operating procedures are geared to achieving the policies of the DMCS and applicable service standards. For example, see USPS LR C2001-3/5. Local requests for service standard changes of the sort referenced in your question are not the subject of this proceeding. The subject of this proceeding is the First-Class Mail service standard changes complained about by Mr. Carlson.
- (b) The subject of this proceeding is the First-Class Mail service standard changes complained about by Mr. Carlson. His complaint does not relate to Priority Mail or the differences between First-Class Mail and Priority Mail. Accordingly, the Postal Service does not consider itself obliged to respond to this question. In any event, an example of such a distinction is reflected in USPS LR C2001-3/5, at page 42, which indicates that different mail classes have different priorities in air dispatch. Similar priorities exist in other operations.

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DBP/USPS-59

The Policy for requesting a Service Standard Change makes numerous references to customer relations areas such as, "needs of the customer", "improve customer satisfaction", "public perception", and "public relations impact." Please explain how any reduction in services standards could be perceived by the public as being an improvement in service.

RESPONSE:

In the context of the current case, to which the above-referenced Policy For Requesting A Service Standard Change is not relevant, a reduction in a service standard could be perceived as an helping to improve service if the newer service standard is aligned with the level of delivery service that customers have been receiving and have come to expect. For instance, assume the service standard for mail between points A and B is overnight, but that only 10 percent of the mail is delivered overnight and another 60 percent is delivered in 2 days (meaning that 70 percent is delivered within 2 days). If customer expectation is that the mail will likely be delivered in 2 days, then establishing a 2-day standard and tweaking operations to increase the percentage of mail delivered within 2 days -- so that the more realistic 2-day expectation is satisfied, say, 85 percent of the time -- could lead some (probably not all) customers to consider that service has improved.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-60 Please refer to paragraph b on page 4 of the Policy for requesting a Service Standard Change and provide a copy of the most current “Customer Needs” information that is available in Product Management or Consumer Affairs.

RESPONSE:

There is no specific “Customer Needs” database, *per se*. Personnel in Product Management at Headquarters have contact with a variety of customers and develop expertise in generally assessing what various customers’ expectations may be. The same is true of personnel in the various district Consumer Affairs offices and at Headquarters. These employees are capable of combining their general postal knowledge with information developed through internal cross-functional interaction, along with customer requests, suggestions, complaints, and other communications received by the Postal Service, to develop conclusions about “Customer Needs.” While some of this information is only anecdotal and not necessarily representative of all customers, it is still useful to the Postal Service.

Typically, when a routine service standard change – of the sort not at issue in this proceeding -- is requested internally (*e.g.*, a proposal by a postal district manager to change the service standards between Point A and Points B, C and D), the request is expected to be based upon an assessment of “Customer Needs” – a reflection the perceived impact on customers in the affected geographical areas or postal districts. In these cases, the proponent of the service standard change is expected to have consulted with internal or other sources of information regarding customer needs in the affected area(s) and to offer a summary in conjunction with the request. There is no indication that Postal Service developed either a national or a specific point-to-point assessment of “Customer Needs” as part of the process of determining the 2000-01 service standard changes at issue in this proceeding.

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DBP/USPS-61 Please refer to the example in paragraph 2 on page 2 of the Policy for requesting a Service Standard Change as it refers to processing in the 210-212 ZIP Code area.

- (a) Please confirm that ZIP Codes 210 and 211 are for Maryland cities served out of the Baltimore Processing Plant and that ZIP Code 212 is for the city of Baltimore and is also served out of the same plant.
- (b) Please confirm that some or all incoming mail for ZIP Codes 210-212 will be commingled on arrival at the plant.
- (c) Please confirm that the completion of processing of the incoming mail for both the Baltimore city ZIP Code 212 and the associated offices mail ZIP Codes 210 and 211 will be completed at the same time.
- (d) Explain how the mail for ZIP Code 212 can have a service standard that would cause it to be delivered either a day before or a day after the mail which is going to the associate offices with ZIP Codes 210 and 211.
- (e) Would the Baltimore city ZIP Code, 212 in this case, have a faster or slower delivery standard than the associated offices, 210 and 211 in this case?
- (f) Confirm that there are some processing plants, such as Hackensack NJ 076, where both the city and the associated offices share the same 3-digit ZIP Code prefix and therefore would be required to have the same delivery standards.
- (g) Provide a complete listing of those instances where outgoing mail from a specific processing facility receive different standards for different originating areas under the same facility.
- (h) Same as subpart (g), except for incoming mail to the specific facility.

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RESPONSE to DBP/USPS-61:

- (a) That cannot be confirmed, as the Incoming mail for ZIPs 210-211 is processed at SCF Linthicum MD 210 and the Incoming mail for ZIP 212 is processed at the SCF Baltimore MD Plant.

- (b) *Depending on the Origin office, some 2 & 3-Day mail will be commingled at the ADC level, but mail already sorted to the SCF level, from Overnight and some 2-Day offices, will have ZIP 212 separated from the 210-211 mail, since they are ultimately processed at different Mail Processing Facilities.*

- (c) That cannot be confirmed as worded. In order to answer this question accurately, it must be clarified as to "where" (what operation) you are asking about the "completion.". Does the question refer to the ADC operation (only performed at Baltimore on 2-Day & 3-Day mail), the SCF operation (performed at SCF Baltimore and at SCF Linthicum), sortation to the Carrier Route (performed at SCF Baltimore and SCF Linthicum), or finalization in a Delivery Unit? Without such basic information, it is impossible to provide a response. The Postal Service awaits a follow-up question that seeks information inherently relevant and necessary to the resolution to the issues raised by the complaint in this proceeding.

- (d) As noted in response to subpart (a), the mail in question is processed in different facilities at the SCF level. However, even if it was processed in the same facility (as it was several years ago), it would easily be possible for the 212 mail for Baltimore City to be Overnight from, for example, Washington DC, while the 210-211 mail was

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RESPONSE to DBP/USPS-61(continued):

assigned a 2-Day standard. The offices that are Overnight to Baltimore 212 have enough volume to warrant isolating the 212 mail from the 210-211 mail. Typically at the SCF level, the mail for the "associate offices" you cite, such as ZIP Codes 210 and 211, must be cleared by approximately 04:00, or so, while the "city mail", like the ZIP 212 mail in question, does not have to clear until approximately 06:30 from the P&DC. The extra processing time, therefore, can allow for a "faster" Service Standard for the 212 mail, versus the 210-211 mail which has to travel further to more distant downstream facilities. Situations like this do exist, and are site specific, with regard to Overnight vs. 2-Day, as we made no changes to Overnight standards during the FY-2000 & 2001 Phase 2 completion. However, since the FY-2000 & 2001 Service Standard adjustments, these cases no longer exist between 2-Day vs. 3-Day standards, since the standards for all 2 & 3-Day mail below the ADC level are now homogeneous.

- (e) It depends on the Origin ZIP of the mail. However, as indicated in the subject reference in the Policy for requesting a Service Standard Change, these situations, generally speaking, are for "ID Cities", i.e. the mail for the "city" (in this case, Baltimore 212) would be "faster" (Overnight) than the mail for the "associated offices" (in this case, 210-211), which would be 2-Day.
- (f) Confirmed.

REVISED RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN

RESPONSE to DBP/USPS-61(continued):

- (g) Mail from "originating areas" flows into an Originating facility where it receives a local Postmark. For example, an office like Pittsburgh PA processes mail originating from ZIPs 150, 151, 152, 153 & 154. That mail, once collected, is all postmarked the same and has the same "outgoing" 2 & 3-Day Service Standards. It is postal policy that all offices feeding an Originating (Outgoing) Processing Facility (identified in the previously supplied "GOEZINTA list" as a "Postmarking Facility") have the exact same Originating 2 & 3-Day Service Standards. If they do not, then that would be an error in the assignment of Service Standards. At this time, the Postal Service is unaware of any of those situations existing.
- (h) For Destinating (Incoming) 2-Day and 3-Day mail, the subject at issue in these proceedings, there are no longer supposed to be instances at either the Area Distribution Center or Sectional Center Facility level where mail receives "mixed" (2-Day vs. 3-Day) standards from the same Originating Postmarking Facility (excluding Originating mail for "Outlier Offices" which were not adjusted as part of the changes at issue in this proceeding). It is now the Postal Service's general practice that ADCs have the same Destinating 2 & 3 Day Service Standards from the same Origin. If they do not, then that would be an error in the assignment of Service Standards. At this time, the Postal Service is unaware of any of those situations existing.

REVISED RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN

DBP/USPS-62 Define and explain the term NASS used in paragraph d on page 3 of the Policy for requesting a Service Standard Change.

RESPONSE:

NASS stands for National Air and Surface System (NASS). It is a system operated at the St. Louis Accounting Service Center, and through subordinate Distribution Networks Offices, to produce dispatch and labeling information for all mail classes. It is used by mail processing Facilities for the dispatch planning and routing of mail moving between facilities.

REVISED RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID POPKIN

DBP/USPS-63 Refer to paragraph a on page 4 of the Policy for requesting a Service Standard Change, does the word "adequate" refer to both air and surface transportation.

RESPONSE:

None of the Service Standard changes enacted during the FY-2000 & 2001 period in question were made as the result of the "Policy For Requesting A Service Standard Change". For this reason, the specific language contained in the policy has no bearing on the issues under review in this proceeding. At the place cited in the document, the word "adequate" *does not appear to be used to modify a specific form of transportation.*

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-64 Refer to the Headquarters letter regarding Speed Limits. Have the data been updated beyond the data for March 1, 1998 since I know, for example, the New Jersey speed limits have changed?

RESPONSE:

No.

REVISED RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-65 In the Library Reference, refer to the comment at the top of page K2mapq1 7/19 where it relates to “the Midwest did not request reciprocal changes”. Is the decision to implement or not implement reciprocal changes left up to the area? What guidelines, if any, are they provided?

RESPONSE:

As previously explained in response to DBP/USPS-18 (a,b&c), there is no requirement for reciprocity. All the standards generated by the 2 & 3-Day Model were not reciprocal, due to the “non-square” network, and the crossing of time zones. Therefore, the reciprocity of the resulting standards was decided by the elements of the 2 & 3-Day Model. The only variances from these modeled results are the authorized exceptions to the 2 & 3-Day Model, which have previously been provided in USPS LR C2001-3/3, file DBP-55. The item referenced in the programmers notes regarding the “Midwest” not requesting “reciprocal changes” addresses the request made by the Midwest Area for the approval of authorized exceptions. In that request for exceptions, they did not seek reciprocal exceptions, as indicated by the note. Such decisions on the granting of exceptions are made at the Headquarters level, not the Area level.

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DBP/USPS-66

On page K2mapq1 12/19 it refers to 4 day model.

- (a) Please explain why four day modeling is utilized?
- (b) Are there any plans to increase the service standards beyond the existing 1-, 2-, or 3-days? If so, please provide complete details.

RESPONSE:

- (a) The reference to 4-Day denotes those drive time distances that fell between 12.05 hours and 20.049 hours, which were designated as 3-Day Surface pairs that are mentioned in the PowerPoint presentation submitted with DFC-LR-1. There was no "four day" modeling done. The number "4" was merely a designation for 3-Day surface within the 2 & 3-Day Model to distinguish it from 3-Day Air.
- (b) Objection filed.

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DBP/USPS-67

On page K2edq2 2/4 it refers to "fixing the Priority Mail slower than FCM problem."

- (a) Please provide details of the problem including specific ZIP Code pairs.
- (b) Has the problem been fixed?
- (c) If not, when will it be fixed?

RESPONSE:

The item in question pertains to personal notes regarding Service Standard changes the programmer made to other classes of mail, outside of the 2 & 3-Day Model, and has no bearing on the First-Class Mail issues at hand in 2001-3.

Accordingly, an objection was filed.

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Revised 3/15/2002

DBP/USPS-69

Please refer to the Declaration of Charles M. Gannon filed on July 30, 2001 and the Second Declaration of Charles M. Gannon filed on August 21, 2001.

- (a) Is the autobiographical sketch information still current and up-to-date?
- (b) Is all of the other data in the declarations still current and up-to-date?
- (c) If not, please provide the updated information.

RESPONSE:

As a part of the ongoing management restructuring at USPS Headquarters, Mr. Gannon has recently accepted a lateral transfer to a new position as Transportation Specialist, within Integrated Network Development, which is part of the Network Operations Development group, in the Networks Operations Management (NOM) organization. In his new position, Mr. Gannon will continue to serve as the National Program Manager for USPS Service Standards. He will report to the Manager, Integrated Network Development, who has now assumed organizational responsibility for Service Standard issues.

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DBP/USPS-70

Please refer to your response to DBP/USPS-8 subpart a. Please explain and discuss why the 12-hour drive time "clock" starts at 2:30 AM irrespective of the individual Clearance Time of the specific facility.

RESPONSE:

The 12-hour drive time "clock" starts at 2:30 AM because the network was designed to allow for the flow of mail from subordinate Customer Service Facilities and P&DFs into the Originating Parent P&DC. This consolidation opportunity allows for the merging of volumes at the P&DC in order to help avoid overlapping transportation costs.

Additionally, if clearing the mail earlier than the Network No Later Than Clearance Time of 02:30 resulted in the 2-Day reach just being further expanded than that of another facility which cleared at 02:30, this might be a disincentive to clear Originating mail as fast as reasonably possible. However, facilities which clear the mail prior to 02:30 now have the extra time added to their Buffer Time, as noted in the PowerPoint presentation in record as DFC-LR-1, which allows for more volume/transportation consolidation and actually provides an incentive for a facility to have a CT that beats the National NLT time of 02:30.

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DBP/USPS-71

Please refer to your response to DBP/USPS-8 subpart b.

- (a) Are vehicles required to utilize the "most appropriate surface route" as determined by the PC Miler software or are they able to utilize any route?
- (b) Please discuss that extent to which it is believed that vehicles do not utilize the "most appropriate surface route" and how that would affect the travel time between the two facilities.
- (c) Please provide a listing of those instances where different travel routes are utilized and the effect on the travel time.

RESPONSE:

- (a) No, they are not required to use the route projected by PC Miler. Their requirement is to meet the contractual arrival time at the destination office.
- (b) Contractors are not required to use the route projected by PC Miler. It is unknown how many might happen to coincide with the routes projected by PC Miler.
- (c) Since there is no such requirement to use the route projected by PC Miler, there are no such records.

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DBP/USPS-72

Please advise how the use of other forms of transportation, such as train, will be covered in the travel times calculated by the PC Miler software and how the Service Standards determined as a result of those times will be affected.

RESPONSE:

The PC Miler software was merely a proxy by which to reasonably project which pairs fell within a 12-hour drive time for the establishment of the 2-Day Service Standard. Once the 2-Day standard was established by the 2 & 3-Day Model, the local transportation office makes the determination regarding the most appropriate method of transportation between specific pairs on a case-by-case basis. While primarily modeled for Highway transportation, some, or all, of the transportation legs could include air, rail, ferry or other means of transportation that is deemed appropriate in order to meet the 2-Day standard that was established, as dictated by local circumstances. The actual mode of transportation is locally determined and does not have an effect on the Service Standard, because it was determined by the projected drive time.

RESPONSES OF UNITED STATES POSTAL SERVICE
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DBP/USPS-73

Please refer to your response to DBP/USPS-8 subpart c.

- (a) Please explain why a travel time of 12.05 hours (and therefore, as well, any number greater than this) would not result in obtaining 2-Day delivery in a consistent and dependable fashion.
- (b) Fully define and discuss the criteria and considerations that are considered or utilized in determining whether the meeting of a delivery standard could be considered to be obtained in a consistent and dependable fashion.

RESPONSE:

- (a) When the Postal Service designed the 2 & 3-Day Model, it standardized the Critical Entry Times for most of its Area Distribution Centers from anywhere between 1 to 4 hours later than they previously had been. The Postal Service determined that in order to be able to serve the downstream Sectional Center Facilities, which fall under the ADCs, it could not provide consistent and dependable service to 2-Day mail if it went beyond the 12-hour drive time. ADC operations must process and extract the mail for their subordinate SCFs in order to meet their first scheduled Dispatches of Value to their most distant facilities.
- (b) As previously explained in DFC/USPS-CMG-1, it was an intended outcome of the 2 & 3-Day Model that the Postal Service would see incremental improvements in its annual EXFC performance scores, until the scores reached the high 80's or low 90s. Based on EXFC 2 & 3-Day performance during the 1990s, the Postal Service would have considered

RESPONSES OF UNITED STATES POSTAL SERVICE
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RESPONSE to DBP/USPS-73 (continued):

such a result to be indicative of improved consistency and dependability. However, as stated in response to that interrogatory, it will prove difficult to measure with precision the degree to which the service standard changes at issue in this proceeding produce such results.

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DBP/USPS-74

Please refer to your response to DBP/USPS-8 subpart b. Please discuss how crossing a time zone boundary will affect whether the Service Standard is 2 or 3 days. For example, does it allow for 13 hours drive time when heading west while limiting it to 11 hours drive time when heading east in order to be considered for a 2-Day standard?

RESPONSE:

The topic of "crossing a time zone boundary" was fully discussed in the response to DBP/USPS-11(c), which provides an answer to this question, along with providing a practical example, and was also discussed in the response to OCA/USPS-12(a).

**RESPONSES OF UNITED STATES POSTAL SERVICE
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DBP/USPS-75

Please refer to your response to DBP/USPS-8 subpart d. Please have the personnel involved provide their explanation and discussion as to the determination of the 12-hour standard.

RESPONSE:

After determining the National No Later Than Clearance Times for Outgoing Originating processing Facilities, the 2&3 Day Team looked at the latest possible time in which it could reasonably expect Area Distribution Centers to accept 2-Day mail, process it through the ADC operation and still meet their Dispatches of Value to their furthest subordinate SCF. In looking at the 88 ADCs in the contiguous 48 states, the Team found the following breakdown of existing Day 1, ADC Critical Entry Times:

14:00 to 14:59	8 ADCs
15:00 to 15:59	11 ADCs
16:00 to 16:59	29 ADCs
17:00 to 17:59	20 ADCs
Exactly 18:00	18 ADCs
Past 18:00	2 ADCs

Even though 77 percent of the existing Critical Entry Times were earlier than 18:00, the Team concluded that it was operationally feasible to establish a National "No Earlier Than" (NET) time for the CET of all ADCs of 18:00, without making it impossible for the ADCs, and their downstream SCFs, to meet their requirements in a consistent and timely fashion. The Team arrived at this result after internal deliberation, after consulting with the Transportation Sub-Group, and after reviewing the existing Dispatches of Value from each ADC. If the Team had established the National CET at an earlier time, prior to 18:00, it would have been required to reduce the 2-Day drive

RESPONSES OF UNITED STATES POSTAL SERVICE
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Response to DBP/USPS-75 (continued):

time by a corresponding amount of time under 12 hours. While pushing the CET back, as it did, was clearly an operational "stretch", the Team concluded that doing so would help the Postal Service reach its goal of providing improved and more consistent service to its 2 & 3-Day mail.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

Revised 12/10/2001

DBP/USPS-77

Please refer to your response to DBP/USPS-24 subparts b to d.

- (a) Prior to the changes that were implemented in the past two years, please have Mr. Gannon and/or other qualified employee advise their best estimate of the percentage of 2-Day mail that was transported by surface, by commercial air transportation service, and by other means (specify the means and provide separate data for each means that transports 1% or more of the total volume).
- (b) Same as subpart (a) except for current data.
- (c) Same as subparts (a) and (b) except for 3-Day mail.

RESPONSE:

As explained in the response to DBP/USPS-24(b)-(d), the Postal Service's transportation data systems do not generate data that distinguishes mail traveling by a particular mode of transportation on the basis of whether that mail has 2-day service standard or a 3-day service standard. In FY 1999, it is estimated that, of total First-Class Mail volume by weight:

- 5.1 percent was transported by dedicated air service;
- 20.7 percent by commercial air service; and
- 74.2 percent by surface.

For the first three quarters of FY 2001, it is estimated that, of total First-Class volume by weight:

- 4.9 percent was transported by dedicated air service;
- 19.0 percent by commercial air service; and
- 76.1 percent by surface.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN

Revised 12/10/2001

RESPONSE to DBP/USPS-77 (continued):

At least 99 percent of surface transportation was provided by highway contract route service. It should be remembered that some mail referenced above traveled by more than one mode.

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DBP/USPS-78

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, please have Mr. Gannon and/or other qualified employee advise their best estimate of 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?

RESPONSE:

The Postal Service has no records which indicate that it conducted an analysis to determine the degree to which the implementation of Phase 1 of the Docket No. N89-1 realignment plan shifted mail between overnight and 2-day service standards. Likewise, the Postal Service has no records which indicate that it conducted an analysis to determine the degree to which the initial implementation of Phase 2 in the early 1990s shifted mail between the 2-day and 3-day standards. Accordingly, when the Postal Service began the process of developing the 2-day and 3-day service standard changes to finalize Phase 2 in 2000 and 2001, it did so without knowing what the impact of its earlier efforts was. The Postal Service has not identified any responsible employee willing to offer you the guesstimates you have requested.

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DBP/USPS-80

One of the anthrax releases refers to a Carteret, New Jersey, HASP.

- (a) What is the definition of HASP.
- (b) Please discuss how HASPs fit into the mail processing system.

RESPONSE:

- (a) Hub and Spoke Program (HASP). For surface mail, primarily for 2-day committed 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.
- (b) The Postal Service currently have 12 HASP facilities around the country, and they work in conjunction with other facilities in the mail processing network in the manner described in the definition in subpart (a) above.

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DBP/USPS-81

Please explain why the mail originating in Tulsa, Oklahoma is able to achieve a much greater area than the mail which is destinating at Tulsa.

RESPONSE:

This response assumes that by "a much greater area", the question is referring to the range of 2-Day mail, although that was not specified.

The difference between the Originating and Destinating 2-Day areas is due to the specific location of Tulsa as it relates to drive times to other ADCs, or from other P&DCs, the network structure (as previously explained in our response to DBP/USPS-42 regarding the "non-square network") and due to time zone crossings.

As previously discussed in our response to OCA/USPS-12(a), the 2 & 3-Day Model made appropriate mathematical corrections to the travel times projected by PC Miller in order to determine the net "wall-clock time" at the destination, after making time zone adjustments, since that is the barometer of whether or not there is adequate time available to process the mail in time for 2-Day delivery. Based on this "wall-clock time" method, Tulsa to Louisville KY is 13.9 hours, but Louisville KY to Tulsa is 11.9. Tulsa to Denver CO is 11.5 hours, qualifying it for 2-Day, but Denver to Tulsa is 13.5, and therefore a 3-Day. Tulsa to Albuquerque NM is 10.6 hours, to qualify for 2-Day, but Albuquerque to Tulsa nets out to be 12.6 hours, or 3-Day. It is factors like these which dictate the resulting 2-Day Areas for Tulsa and all other offices.

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DBP/USPS-82

In Docket No. N89-1, Witness John Potter testified to the percentage of First-Class Mail that was subject to overnight, 2-Day, and 3-Day service standards. What is the current percentage breakdown?

RESPONSE:

According to ODIS, in FY 2001 Q4, the breakdown was as follows:

Overnight	–	43.1 percent
2-Day	--	27.2 percent
3-Day	–	29.7 percent.

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DBP/USPS-83

Please refer to your response to DBP/USPS-36.

- (a) Please explain the conditions under which a buffer time of 2.5 hours is chosen vs. a buffer time of 3.5 hours.
- (b) Please explain why it is not possible to utilize a Drive Time of 13 hours in those instances where a buffer time of 2.5 hours exists and still maintain the total of 15-1/2 hours.

RESPONSE:

- (a) As displayed in the PowerPoint Presentation in DFC-LR-1, drive times of up to 8 hours receive 3.5 hours Buffer, and trips that fall between 8 hours and 12 hours receive 2.5 hours.
- (b) It *would* be possible, if that is how the model had been designed. However, the Postal Service reduced the Buffer Time for longer trips in order to allow for slip-seat driver changes, and related impacts, resulting from the 10-Hour Rule which limits the time a single driver can drive.

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DBP/USPS-84

Please refer to your response to DBP/USPS-40.

- (a) For each of the five elements of Interrogatory DBP/USPS-11 subpart d that are not offered as possible modifications within the PC Miler program, namely, 3 [average speed on the actual trip], 5 [weather], 6 [time of day], 7 [day of week], and 8 [season of the year]. Please explain how the PC Miler program accommodates the variations of each of these five elements. Does it ignore the element? Does it use an average value? Does it use a maximum condition?
- (b) Describe the modifications, if any, that the Postal Service utilizes to compensate for each of the five elements.
- (c) Confirm, or explain if you are unable to do so, that each of these five elements will have an effect on the drive time between the two points involved.

RESPONSE:

- (a) As previously explained in response to DBP/USPS-11, those elements are not included as part of the PC Miler Program. It is unknown if any of those factors were used in the program development.
- (b) As previously described in response to OCA/USPS-12(a), the Postal Service contracts at speeds that are, on an average, over 19% slower than the maximum state speeds. In addition to the concerns regarding safe driving speeds, this adjustment helps to compensate for some of the five elements identified.
- (c) Confirmed. It is possible for any, or all, of the five elements to "have an effect on the drive time between the two points involved."

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DBP/USPS-85

Please refer to your response to DBP/USPS-42.

- (a) Please confirm that the projected drive time of 12:06 hours between Origin P&DC Columbia SC 290 and ADC Miami FL 331 is 3 minutes and 3.6 seconds more than the cut-off time of 12.049 hours [the break-point between being 2-day and 3-day service standard].
- (b) Please confirm that the projected drive time from the South Florida P&DC to the Columbia ADC is the same projected drive time in the reverse direction.
- (c) Same as subpart b except replacing the South Florida P&DC with the Miami P&DC.
- (d) Does the PC Miler program always utilize the same drive time from A to B as it does from B to A [other than in those instances where it compensates for crossing a time zone boundary]?
- (e) If not, please explain the compensation that it makes for direction of travel.
- (f) Please confirm that the Miami P&DC and ADC are co-located.
- (g) Same as subpart f except for the Columbia P&DC and ADC.
- (h) Please confirm that the Miami P&DC is located at 2200 NW 72nd Avenue in Miami.
- (i) Please confirm that the South Florida P&DC is located at 16000 Pines Boulevard, Pembroke Pines.
- (j) Please confirm that the projected drive time between Columbia and South Florida is 30 minutes less than the projected drive time between Columbia and Miami.
- (k) Please confirm that the South Florida P&DC is approximately 1.4 miles off of Interstate 75.
- (l) Please confirm that the Miami P&DC is approximately 0.6 miles off of the Palmetto Expressway.

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DBP/USPS-85 (continued):

- (m) What is the posted speed limit on the approximate 7.0 miles of the Palmetto Expressway and the approximate 9.3 miles of Interstate 75 that would be traveled between the two facilities?
- (n) What is the actual travel time for vehicles that transport mail between the South Florida and Miami facilities. If the time is different at different times of the day or week, provide a listing of the specifics.
- (o) At what point in the transportation process, if any, does mail destined for the Columbia ADC from the South Florida P&DC merge in its transportation with mail from the Miami P&DC?
- (p) Confirm that the service standards for South Florida P&DC are 2-day vs. 3-day for Miami P&DC for mail destined to the Columbia SC, Atlanta GA, and Montgomery AL ADCs.
- (q) Provide the projected travel times between Atlanta and South Florida vs. Miami and between Montgomery and South Florida vs. Miami.
- (r) Please explain and discuss any subparts that you are unable to confirm.

RESPONSE:

- (a-c, f-j, p) Confirmed.
- (d) The answer to whether it “always” utilizes the same drive time is unknown. The vast majority of pairs appear to be the same both directions. However, since there are some Interstate highways that have exits which are accessible from only one side of the road, that there may be slight differences in some instances. As of this date, none have been identified which altered the decision as to whether the 2 & 3-Day Model produced either a 2-Day or a 3-Day standard.

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Response to DBP/USPS-85 (continued):

- (e) N/A

- (k,l) For purposes of this litigation, you may assume any distance you consider appropriate. The Postal Service cannot conceive of any material purpose related to this proceeding that would be served by expending resources to measure these distances.

- (m) The Postal Service cannot conceive of any material purpose that would be served by sending an employee out along this route to determine if there is one or more posted speed limits along this route or what the posted limit(s) may be. This is not information uniquely under the control of the Postal Service. This is public information for which it is unreasonable to rely exclusively upon the Postal Service to collect. Pursue other methods of obtaining this information. Alternatively, assume any speed limit that suits your purposes.

- (n) Trips between 07:30 and 16:30 are currently allowed between 40 and 45 minutes. Trips traveling throughout the remainder of the day are currently scheduled for 30 to 35 minutes.

- (o) In this particular instance, the Southeast Area determined that there is inadequate volume to Columbia to warrant a surface trip. Therefore, mail from both South Florida P&DC and Miami P&DC is currently being flown

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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Response to DBP/USPS-85 (continued):

to Columbia SC, so the mail can be viewed as “merging” at the Miami AMC.

- (q) Atlanta and Montgomery to South Florida = N/A. The Model does not flow between Atlanta or Montgomery to South Florida because South Florida is not an ADC. Atlanta to Miami = 12.1. Montgomery to Miami = 14.6
- (r) South Florida is not a Destination ADC, therefore, it is not part of the Drive Time Matrix.

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REVISED: May 2, 2003

DBP/USPS-86 Please refer to your response to DBP/USPS-46.

- (a) Please confirm that in those instances where air transportation is used for 2-day mail, had surface transportation been utilized in place of air transportation, it would still have been possible to meet the applicable 2-day service standard.
- (b) Please explain why air transportation is utilized instead of surface transportation in those instances.
- (c) If you are unable to confirm subpart a, please reanswer my original interrogatory DBP/USPS-46 as asked as well as explain and discuss.
- (d) Please provide a complete listing of those origin-destination pairs which have a service standard of overnight or two days where air transportation is utilized in part or whole.

RESPONSE:

- (a) That is the clear implication of the response to DBP/USPS-46.
- (b) Frequently, it is due to inadequate originating mail volume going to a particular destination ADC, which would make surface transportation infeasible. Air transportation is used rather than using small vehicles, like station wagons, to haul minimal volumes of mail to destinations up to 12 hours away.
- (c) N/A
- (d) Excluding some very small volumes that are flown into remote locations such as associated islands in HI, AK, VI and PR, the vast majority of Overnight mail travels by surface transportation. Unfortunately, due to the reasons outlined in our supplemental response to DBP/USPS-17b, the Postal Service does not have the ability, at this time, to distinguish the intended delivery day of mail being flown between air stops. Nor does the Postal Service currently have a systematic way of identifying the specific postal facility which generated the volume emanating from a particular air stop in order to produce an "origin-destination" list of Overnight and 2-Day pairs that may use "air transportation" in "part or whole."

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-87

Please refer to your response to DBP/USPS-33 and the associated Library Reference USPS LR C2001-3/3.

- (a) With respect to the 13 facilities that are not able to meet the National CT for three-day mail, either surface or air, what is the significance of this non-compliance so long as the mail for all of the country achieves delivery within three days?
- (b) For each of the 7 facilities that are not able to meet the National CT for 2-day mail, do they still utilize the same 12-hour drive time maximum? If not, please provide the drive time maximum for 2-day mail for each of the 7 facilities.
- (c) For each of the 7 facilities that are not able to meet the National CT for 2-day mail, please provide a listing of those ADCs that now receive 3-day service as opposed to receiving 2-day service if the facility met the National CT.
- (d) For each of the 2 facilities that are not able to meet the National CT for 1-day mail, please provide a listing of those ADCs that now receive 2-day service as opposed to receiving 1-day service if the facility met the National CT.
- (e) With respect to the 4 facilities in the Southeast Area, please advise the expected completion date for installation of the processing equipment and the ability to meet the National standards.
- (f) Are Minneapolis and St. Paul now in compliance since the scheduled date was over a year ago? If not, what is the new expected date?

RESPONSE:

- (a) Beyond the inherent corporate advantages of standardization, there is no specific "significance" to their inability to meet the national standard. However, successful organizations, such as McDonalds, do not allow their local franchises (something organizationally akin to a P&DC) to decide whether or not they want to make their hamburgers "square" rather than

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Response to DBP/USPS-87 (continued)

round. Each franchise has to meet minimum standards established by their corporate headquarters. This is the direction the Postal Service was trying to head, when it applied the Baldrige Process in establishing the National Clearance Times and Critical Entry Time standards.

- (b) Yes, they use the same 12-hour drive time maximum. Additionally, their drive time clock "starts" at 02:30, just as at all the other Processing facilities. The time that they clear past the 02:30 is just deducted from their available Buffer Time.
- (c) The resulting standards are exactly the same as if they cleared on time, as indicated in (b), above.
- (d) As previously stated in earlier responses, the 2 & 3-Day Model did not result in any changes to 1-Day Service Standards. Therefore, the existing 1-Day standards are exactly the same as they were prior to the establishment of the National No Later Than CTs.
- (e) The facilities have yet to receive the equipment they desired due to a recent reduction of equipment purchases, and there is no current date for an expected delivery of such equipment. However, as additional information, their 2-day Service Standard reach is exactly the same as if they were clearing their mail at the National CT.

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Response to DBP/USPS-87 (continued)

- (f) No, they are not yet in compliance, due to a recent reduction of equipment purchases, and there is no current date for their expected compliance with the National CT. However, as additional information, their 2-day Service Standard reach is exactly the same as if they were clearing their mail at the National CT.

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DBP/USPS-89

Please refer to your response to DBP/USPS-37 and the associated Library Reference USPS LR C2001-3/3.

- (a) Please confirm that an "Outlier" facility, such as Midland, Texas, will process and dispatch its own overnight mail independently of its Parent P&DC but that it will dispatch its 2-day and 3-day mail to its Parent P&DC in El Paso, Texas, for forwarding on to the rest of the country.
- (b) Please confirm that the 2-day and therefore, by default, the 3-day service standards of the "outlier" facility will be uniform within its area but may be different than those of its Parent P&DC - such as - Midland, Texas, will have a different 2- and 3-day delivery standard than El Paso, Texas.
- (c) Please confirm that the 2-day delivery standard area for Midland, Texas, includes the ADCs in Albuquerque, Tulsa, Oklahoma City, San Antonio, North Texas, Fort Worth, and part of North Houston.
- (d) Please confirm that the 2-day delivery standard area for El Paso, Texas, includes the ADCs in Albuquerque, San Antonio, and Phoenix.
- (e) Please confirm that for mail originating in Midland, Texas, that part of the North Houston ADC is 2-days and the remainder is 3-days.
- (f) Please explain why the entire ADC is not the same service standard.
- (g) Are there any other instances in the country of this division of an ADC for 2- vs. 3-day delivery standard?
- (h) If so, please provide the listing of facilities involved and the reasons for not being able to make the entire ADC the same.
- (i) Please provide a listing of the projected drive times from both Midland and El Paso to the ADCs at Albuquerque, Tulsa, Oklahoma City, San Antonio, North Texas, Fort Worth, North Houston, and Phoenix.
- (j) Please explain why Midland is able to reach those ADCs in 2-days that its parent P&DC El Paso is not able to reach in 2-days.

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DBP/USPS-89 (continued):

- (k) Please explain why the service standard from the Parent P&DC El Paso to the Outlier facility Midland is three days and two days in the reverse direction [as opposed to overnight service].
- (l) Provide a listing of the data for each of the 17 Outlier facilities which lists the following information:
 - (a) Outlier facility
 - (2) Parent P&DC
 - (3) ADCs within the 2-day delivery standard of the Outlier facility
 - (4) Projected drive time to each of these ADCs
 - (5) ADCs within the 2-day delivery standard of the Parent P&DC
 - (6) Projected drive time to each of these ADCs
 - (7) An explanation of any instances where the 2-day delivery standard for the Outlier facility is better than that of its Parent P&DC
 - (8) An explanation of any instances where there is not overnight service between the Parent P&DC and the Outlier facility.

RESPONSE:

- (a) That cannot be confirmed. While Midland does dispatch its own overnight mail, they also dispatch 2-Day mail to Dallas, Ft. Worth, Lubbock, Abilene and Roswell NM, in addition to El Paso. While they do route some 3-Day through El Paso, they also send mail through Dallas, Ft. Worth and their respective AMC.
- (b-e) Confirmed.
- (f) The standards within that ADC are the same because as an official Outlier, as previously explained in the heading of USPS LR C2001-3-3, file DBP-37.xls, and in our response to DBP/USPS-11(b), the Service Standards for Midland, TX, and the other 16 Outlier offices, were excluded from being changed by the 2 & 3-Day Model. Therefore, as stated in the

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Response to DBP/USPS-89 (continued):

aforementioned references, the Service Standards to ADC North Houston were split between 2-Day and 3-Day prior to the FY-00/01 changes, and they, consequently, still remain that way today.

As indicated in one of the e-mail messages in USPS LR C2001-3/7, filed in response to DBP/USPS-25 (b), the Postal Service's intention, as announced to its Area offices, was to make some minor "clean-up" changes to the Standards for the 17 Outlier offices on September 8, 2001 (the start of PQ 1-02), which would have made all the Destination ADCs homogeneous so that they would have the same Service Standard from the Outliers. However, that planned action has been indefinitely postponed while Docket No. C2001-3 continues.

- (g) There are no instances of mixed 2-Day & 3-Day standards within the same ADC for any of the Origin ZIPs that were changed by the Service Standard changes implemented during FY-00/01, the subject of this proceeding. The 2 & 3-Day Model produced only homogeneous standards within an ADC. However, the 17 Originating Outlier Exceptions from the Model, such as Midland TX, have the same standards as before the changes at issue in this proceeding, which may or may not include split standards within some ADCs.
- (h) Please see the response to subpart (g).

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Response to DBP/USPS-89 (continued):

- (i) Midland is not an Originating Processing & Distribution Center, it is a P&D Facility which would merge mail into a P&DC (either El Paso TX or Fort Worth TX). For this reason, the model does not identify drive times from Midland to the ADCs mentioned. The drive times from El Paso are as follows:
- Albuquerque-4.6
 - Tulsa-19.1
 - Oklahoma City-17.4
 - San Antonio-12.0
 - North Texas-13.4
 - Fort Worth-13.0
 - North Houston-15.7
 - Phoenix-7.6
- (j) Please see the response to DBP/USPS-89(g) as to why the standards for Midland did not change. If the planned Service standard adjustments to the 17 Outliers (which were intended for this past September) had not been deferred, Midland would only be going to some sub-set of the El Paso standards. It is likely that, under the current standards, Midland will *not* be able to reach all the listed ADCs, in a consistent fashion, within 2-Days.
- (k) El Paso is 3-Days to Midland because Midland, as a Destination, falls under the Fort Worth TX Area Distribution Center, not El Paso. The drive time from El Paso to the Fort Worth TX ADC, as noted in (i), above, is 13.0 hours, therefore, it is 3-Days. Midland, as previously discussed, is

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Response to DBP/USPS-89 (continued):

one of the 17 Outliers and its Service Standard of 2-Days to El Paso did not change from the pre-existing standard.

- (l) (1 and 2) This was provided as part of USPS LR C2001-3/1, file OCA-12B-2.
- (3) The 2-Day standards for all Outlier offices are displayed in USPS-LR-C2001-3/4, which was provided in response to DBP/USPS-54(a).
- (4) All Outliers are Originating P&DF or CSF offices which are subordinate to P&DCs and, therefore, the 2 & 3-Day Model does not project their drive time directly to ADCs.
- (5) The 2-Day ADCs resulting from the 2 & 3-Day Model for the Parent P&DC of El Paso are displayed as part of USPS-LR-C2001-3/4, which was provided in response to DBP/USPS-54(a).
- (6) The drive time from El Paso TX to every Destination ADC was provided as part of USPS-LR-C2001-3/1, file OCA-12B-1.xls
- (7) Please see the responses to DBP/USPS-89(f), (g) and (j).
- (8) Overnight Service was not impacted by the 2 & 3-Day Realignment Model or the issues in this docket. However, a Parent P&DC is merely a larger facility through which the Outlier (smaller) facility would route its mail in order to

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Response to DBP/USPS-89 (continued):

connect to transportation. There is no obligation or historical precedent that there be any type of Overnight Service between these facilities. In order to help clarify what is obviously a misunderstanding regarding what an Outlier office is (a remotely located facility that is fairly far from the Parent P&DC and unable to connect to 2-Day transportation), the Postal Service provides the following list of distances between the Outlier and the Parent P&DC:

Outlier	Parent P&DC	Mileage
KALISPELL MT 59901	BILLINGS MT 59101	465
ALLIANCE NE 69301	OMAHA NE 68108	452
AMARILLO TX 79120	FORT WORTH TX 76161	355
WORLAND WY 82401	CHEYENNE WY 82009	347
RAPID CITY SD 57701	SIOUX FALLS SD 57117	345
MISSOULA MT 59801	BILLINGS MT 59101	345
VALENTINE NE 69201	OMAHA NE 68108	329
LUBBOCK TX 79402	FORT WORTH TX 76161	323
DURANGO CO 81301	COLORADO SPRINGS CO 80910	320
MOBRIDGE SD 57601	SIOUX FALLS SD 57117	306
MINOT ND 58701	FARGO ND 58102	304
MIDLAND TX 79711	EL PASO TX 79910	301
MCCOOK NE 69001	OMAHA NE 68108	286
NORTH PLATTE NE 69101	OMAHA NE 68108	280
CHILDRESS TX 79201	FORT WORTH TX 76161	225
BISMARCK ND 58504	FARGO ND 58102	198
SAVANNAH GA 31402	MACON GA 31213	168

These distances should make clear why the service is not always overnight, and, in conjunction with the facility CTs, why they are designated as Outliers.

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DBP/USPS-90

Please refer to your response to DBP/USPS-55 and the associated Library Reference USPS LR C2001-3/3.

- (a) Please confirm, or explain if you are unable to do so, that of the 127 exceptions to the use of 12.049 hours drive time as the dividing time between 2-day and 3-day service standards, 124 or 97.6% represent those instances where a drive time of 8.1 to 12.0 hours has resulted in 3-day delivery rather than 2-day delivery while only 3 or 2.4% represent those instances where a drive time of 12.1 to 12.2 hours has been upgraded to 2-day delivery from 3-day delivery.
- (b) Please provide an explanation of the reasons and rationale for each of the 127 exceptions and why each of them represents provision of adequate mail service to users in that area.

RESPONSE:

- (a) Confirmed.
- (b) The reasons for granting the temporary exceptions were already provided in response to DFC/USPS-3. Additionally, it should be observed that in three instances, service was upgraded and in 123 instances, the service standard stayed exactly as it had been since the early 1990s -- 3-Day. Therefore, there was no degradation to the traditional service the customers had been expecting prior to the 2 & 3-Day Model. Further, these were temporary exceptions. The Postal Service expect the 124 non-upgraded pairs to be upgraded at some time in the future.

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DBP/USPS-91

Please refer to your response to subpart a of DBP/USPS-51 through 53. The responses to DBP/USPS-52 and 53 refer to DBP/USPS-51. Please explain and discuss any plans that the Postal Service has for dealing with and reducing the “room for improvement.”

- (a) Provide the response for dealing with the “basic level” of “room for improvement” for overnight mail.
- (b) Provide the response for dealing with the “twice as much level” of “room for improvement” for 2-day delivery mail.
- (c) Provide the response for dealing with the “2.5 times as much level” of “room for improvement” for 3-day delivery mail.

RESPONSE:

- (a-c) The Postal Service’s attention is presently focused on the unforeseen national operational and transportation challenges currently being experienced as a result of the events of September 11, 2001, and the more recent use of the mail to commit acts of biological terrorism. Beyond those emergencies, when the postal landscape stabilizes, the Postal Service will assess where it is service is in relation to applicable standards and consider appropriate operational responses.

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DBP/USPS-92 Please refer to your response to DBP/USPS-47.

- [a] Please explain the extent to which the improvement in service standards could be accomplished if the existing level of the supply of airplanes and their schedules and capacity was considered. Provide the listing of origin-destination pairs.
- [b] Please enumerate the differences that exist between the present level of mail processing operations and the claimed hypothetically perfect level in your response.
- [c] To what extent is the Postal Service attempting to improve the present level of mail processing operations to reach the referred to hypothetically perfect level.
- [d] Please discuss the reasons for and the extent to which mail processing capacity limitations affect the improvement in service standards by the use of air transportation in place of surface transportation.
- [e] Please discuss the reasons for and the extent to which mail processing labor issues affect the improvement in service standards by the use of air transportation in place of surface transportation.
- [f] Please provide the approximate dollar amount of the cost considerations that would result by the improvement in service standards by the use of air transportation in place of surface transportation.

RESPONSE:

- (a) It is assumed that the question seeks to know the extent to which an improvement in service standard achievement could be expected if the current capacity of commercial airlines were utilized to their maximum extent. Commercial airline capacity to carry mail is affected by passenger and luggage load, factors beyond the control of the Postal Service. The existing supply of planes is currently in flux, as it is affected by the ongoing contraction of the commercial airline industry. The commercial airline industry has been adversely affected by the current economic

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Response to DBP/USPS-92 (continued):

downturn and the events of September 11, 2001. Schedules are not as robust as they were before September 11, 2001. Transportation is only one factor in meeting delivery standards. The level of dependability and fluctuating daily capacities of air transportation is exactly what lead to the decision that First-Class Mail could not be provided the consistent and timely level of service required by the current definition of 2-Day mail beyond a "reasonable reach" of surface transportation. It is too early to tell how the current or future performance of the commercial airline industry will compare to the past.

- (b) The hypothetically perfect scenario would require a perfect deployment of equipment to meet all surges in mail flow and would require changes and flexibility in personnel management not contemplated by current labor agreements. It would require all mail transfers between all postal operations being executed as planned. It would require all exchanges of mail between the Postal Service and its contract transportation providers to go as planned. It would require all transportation to arrive and depart on schedule. Fog, ice and snow on all roadways and runways would be outlawed. Equipment breakdowns or malfunctions would be prohibited. Human error would be eliminated. All differences between that scenario and the present real world should be self-evident without the need for precise measurement.
- (c) The Postal Service does not anticipate that perfection can be achieved in the areas described above in response to (b). Accordingly, the Postal Service does not have any plans designed to achieve perfection.

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Response to DBP/USPS-92 (continued):

- (d) It is not quite certain what is meant by the question. However, assume two mail processing plants, A and B. Assume a plane between A and B leaves at 10:00 a.m. and a truck from A to B leaves at noon, and mail at Point A destined for Point B cannot be sorted and ready for transportation until 11:00 a.m. because of mail processing capacity constraints at Plant A. Then the mail can miss the plane and catch the truck to Plant B.
- (e) In response to DBP/USPS-47, the intent was to convey that in the “perfect” scenario, the Postal Service would enjoy some hypothetical level of improved flexibility in the deployment of craft personnel to perform various functions and, under such a scenario, could achieve efficiencies that could improve its ability to move mail in and among operations. A consequence could be a contribution toward better utilization of the concurrently available perfect supplies of mail processing equipment and contract transportation service, all of which could contribute to better service.
- (f) It is not clear what this question is asking.

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DBP/USPS-93

Please refer to your response to DBP/USPS-56 subparts b through e.

- [a] Please confirm, or explain if you are unable to do so, that utilizing a 3-Day Delivery Standard for a particular pair in place of an Overnight or 2-Day Standard will always improve the percentage of mail which arrives within a prescribed number of days. For example, if for mail sent from A to B, 60% is delivered overnight, 30% is delivered on the second day, 8% is delivered on the third day, and 2% takes four or more days to deliver, then if that A to B pair had an overnight Service Standard, it would have a 60% on-time delivery; if it was made a 2-Day Service Standard, it would have a 90% on-time delivery; and if it was made a 3-Day Service Standard, it would have a 98% on-time delivery.
- [b] Please confirm, or explain if you are unable to do so, that there is an incentive to increase the Service Standard time since it will result in more favorable delivery results.

RESPONSE:

- (a) Assuming the terms of the example, confirmed.
- (b) The potential for a particular outcome, by itself, does not establish that outcome as a motivating factor for action that could produce it.

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DBP/USPS-94

Please refer to your response to DBP/USPS-56 subpart e. At the time of Docket N89-1 did the definition of Service Standard with respect to consistency of mail delivery times utilize the concept of "on the scheduled day of delivery" as opposed to "within a prescribed number of days" [or words of similar import]? This interrogatory is asking for a response regardless of whether documents are available for production.

RESPONSE:

The Docket No. N89-1 testimony of witness Lazerowitz (Tr. 2/92-94) defined "consistency" using the latter terminology. It is not known what is meant by a "definition of Service Standard with respect to consistency of mail delivery times." The two concepts are independent, but can be related. At the time of Docket No. N89-1, it is possible that some people within the Postal Service used the phrases quoted above or words of similar import to convey the same or related concepts. It is hard to know without references to documents reflecting how the terms were used in various contexts.

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DBP/USPS-95

Please refer to your response to DBP/USPS-56 subpart h. Please advise why the decision has been made to eliminate the mileage figures all together rather than convert them to highway miles.

RESPONSE:

The Postal Service intends to eliminate the mileage portion because it has no bearing on the intent of the Service Standard Maps Program, which was to provide a handy visual representation of the Service Standards for any Originating or Destinating ZIP Code. The programming expenditure to shift to highway miles may be nice as additional information, but it would be very costly and add no specific value to the purpose of the program.

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DBP/USPS-96

Please refer to your response to DBP/USPS-59. Your response in providing an example where only 10% of the mail is delivered within the indicated Service Standard seems to be well out of the norm. Please provide a response which uses an example that matches a normal occurrence of 85-plus percent arriving within the Service Standard.

RESPONSE:

Assume 85 percent of the mail in the hypothetical scenario was delivered overnight and, therefore, within standard. Under those circumstances, it would be less likely than in the first scenario that customers would perceive a change to a 2-day standard as an "improvement," if they viewed any actual shift in delivery performance as dramatic and the shift had a meaningful impact on their lives or business operations.

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DBP/USPS-97

Please refer to your response to DBP/USPS-70.

- [a] Please confirm, or explain if you are unable to do so, that the first two sentences of your response relate to the choice of 2:30 AM as the Clearance Time and not why the 12-hour clock starts at 2:30 AM irrespective of those plants that might have an earlier CT.
- [b] Please confirm, or explain if you are unable to do so, that not all P&DC facilities have subordinate CSFs and P&DFs.
- [c] Please confirm, or explain if you are unable to do so, that the “obligation” of all facilities is to process the mail “as fast as reasonable possible” and that any excess time that is provided will, in effect, slow down the mail [in those instances where slowing it down does result in delivery on a later date].
- [d] Please confirm, or explain if you are unable to do so, that any consolidations of mail is already built into the clearance times.

RESPONSE:

- (a) The statement cannot be confirmed. The earlier reply in question, including the first two sentences, appears to be fully responsive to the original question posed in DBP/USPS-70, which was a follow-up to DBP/USPS-8 subpart a. If it is believed that this is not the case then we suggest that you rephrase the question in a clearer fashion.
- (b) Confirmed.
- (c) It is the “obligation” of all facilities is to process the mail “as fast as reasonable possible”, however, the above statement cannot be confirmed unless the “excess time” statement is better defined. If excess time

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Response to DBP/USPS-97(continued):

means the use of additional “buffer time” to allow for mail consolidation and/or transportation, then the statement is incorrect. The Service Standards were based on up to a 12-hour drive time, irrespective of whether or not the trip arrives 10 hours or 10 minutes ahead of the Critical Entry Time at the ADC. As outlined in the PowerPoint Presentation in DFC-LR-1, the Model attempts to create a “staggered” Arrival Profile at the Destinating ADCs. Having millions of pieces of mail all arrive simultaneously at exactly the CET would be impractical. However, regardless if a 2-Day trip is the first to arrive at an ADC or the last, the 2-Day Service Standard remains the same, therefore, clearing the mail early does not “slow down the mail”.

- (d) This cannot be confirmed, as consolidations of mail are not built into Clearance Times, as previously explained in DBP/USPS-70 and DBP/USPS-36.

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DBP/USPS-98

Please refer to your response to DBP/USPS-71.

- [a] Please confirm, or explain if you are unable to do so, that the actual travel time utilized in transporting the mail between points A and B will differ from the projected time as determined by the PC Miler software.
- [b] Please confirm, or explain if you are unable to do so, that the primary function of the use of the PC Miler software is to obtain a precise "drive time" number between any two points to allow for a precise "cut-off" figure to separate 2-Day from 3-Day mail and thereby removing much of the subjective evaluation in reaching the decision.

RESPONSE:

- (a) The "actual travel time" may, or may not, match the projected time as determined by the PC Miler software. As noted in the response DBP/USPS-71(b), it is unknown how many might happen to coincide with the routes projected by PC Miler.
- (b) The goal was to project a "reasonable" drive time, not a "precise" drive time. PC Miler was the proxy used to estimate a reasonable time. However, it can be confirmed that one purpose of using the modeled drive time was to remove much of the subjective evaluation from the decision making process regarding which pairs would be either 2-Day or 3-Day and to use a consistent method to determine the Service Standards.

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DBP/USPS-99

Please refer to your response to DBP/USPS-72.

- [a] Please confirm, or explain if you are unable to do so, that the use of highway transportation between points A and B that have a 2-day Service Standard will have a drive time of 12.049 hours or less while the use of other means of transportation [such as air, rail, ferry, or other means] could result in a “drive” [assume to mean fly, rail, sail, or other similar word] time of greater than 12.049 hours.
- [b] Please explain why it is satisfactory to have a travel time of greater than 12.049 hours [as might exist with the use of other forms of transportation] receive a 2-Day Service Standard while for those routes that are transported completely on the highway, the same travel time would result in a 3-Day Service Standard.

RESPONSE:

- (a) This cannot be confirmed, as “other means of transportation” could either be more than, or less than, 12.049 hours.
- (b) It would not be satisfactory, since the Estimated Time of Arrival which was previously outlined in DFC-LR-1, still applies. If a 2-Day pair was “forced” to use another means of transportation, such as air, it still must arrive within 12.049 hours, or it would be a candidate for an exception and be changed to 3-Days. During the 2 & 3-Day modeling, none of these situations were identified.

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DBP/USPS-100

Please refer to your response to DBP/USPS-73 subpart a.

- [a] Your response did not provide a specific response as to why 12.049 hours could meet the conditions for 2-day delivery while 12.050 hours, or 3.6 seconds longer, would mandate a 3-day standard. Please advise.
- [b] Please confirm, or explain if you are unable to do so, that the above cut-off criteria of 12.049 vs. 12.050 hours is an arbitrary cut-off point chosen to be that value which will allow for mail for all ADCs to arrive for 2-day delivery.
- [c] Please confirm, or explain if you are unable to do so, that there are a number of paths where a drive time of greater than 12.049 hours could still result in 2-day delivery but that cutoff was chosen to remove much of the subjective evaluation in reaching the decision.

RESPONSE:

- (a) Having abandoned the 600-mile limit, the Postal Service needed to establish an objective standard for determining what would be considered within reasonable reach from a point of origin. The Postal Service decided to “draw a line in the sand” at some reasonable point and that reasonable point was 12 hours (with 12.049 “rounding back” to 12 hours). Phone company area codes have boundaries, phone rates change at a certain time of night. Lines get drawn all the time. If the Postal Service had chosen 11.549 hours, there would be questions asking “why not 11.550?”; if the line had been drawn at 13.049, there would be questions asking about 13.050. As previously explained in response to DBP/USPS-70, DBP/USPS-73(a), DBP/USPS-75 and elsewhere, when the Clearance Time, the Buffer Time, the Estimated Time of Arrival, and the Critical Entry Time are combined, the Postal Service determined that it could expand its surface reach considerably, which it did, by going to a 12 hour maximum, but no further.

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RESPONSE to DBP/USPS-100 (continued):

- (b) Not confirmed. The 12-hour “cut-off point” is not “arbitrary,” but based on the principles outlined in the response to DBP/USPS-75, and elsewhere. It can be confirmed that it is based on general operating conditions and the need to allow adequate time for the transportation and processing of 2-Day mail in time to achieve the scheduled delivery.

- (c) Confirmed, that it is possible for mail to travel distances greater than 12.049 hours and still, on some occasions, receive 2-Day service.

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DBP/USPS-101

Please refer to your response to DBP/USPS-73 subpart b.

- [a] Please confirm, or explain if you are unable to do so, that any incremental changes in the EXFC performance scores could result from the downgrading of the service standards [thereby allowing more mail to arrive by the service standard] as well as by actual improvements in the mail processing.

- [b] Please estimate the percentage of EXFC performance score changes that resulted from changes in the service standards vs. actual improvements in the mail processing.

RESPONSE:

- (a) Yes, although not just the number of ZIP Code pairs that were 2-Day, but also the number of 2-Day delivery points with the 2 & 3-Day Model were increased, it is conceivable that one could interpret any “downgraded” Service Standard as potentially improving the possibility of meeting performance scores, but only if the performance goals remain static. Naturally, this would also be counter-balanced if there were corresponding upgraded standards, as there were in the case of the 2 & 3-Day Model.

- (b) As previously explained in the response to DFC/USPS-CMG-1, it is impossible to even estimate the impact of the changes in the service standards.

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DBP/USPS-102

Please refer to your response to DBP/USPS-80.

- [a] Please explain why the HASP system is not also utilized for 3-day mail.
- [b] Please provide a listing of the 12 HASP facilities and the facilities from which they consolidate mail.

RESPONSE:

- (a) HASPs are used for some 3-Day surface mail.
- (b) The list of the 12 HASP facilities was provided in the response to DBP/USPS-4. Any facility within commuting distance can use a HASP/HUB for the consolidation or transfer of 2-Day or 3-Day mail volumes. The Postal Service is attempting to construct a comprehensive list of all the facilities which may utilize a HASP for either Originating or Destinating transfers. If it can, the Postal Service will provide that list soon.

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DBP/USPS-103

The following interrogatory is asked as a follow-up to the Ruling made in Presiding Officer's Ruling No. C2001-3/3. To the extent that an extension to established deadlines is required to consider this a follow-up interrogatory, a motion for this reasonable period is requested since I could have filed a follow-up interrogatory rather than a motion to compel to resolve my original concern.

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. To what extent, if any, arrangements would be made to ensure that in-state mail would be overnight or 2-day service?

RESPONSE:

No records reflecting the conditions that existed at the time of Docket N89-1 have been located. However, it appears that some states, such as Texas and New Mexico, were not totally Overnight or 2-Day within the home state, even after the initial implementation of the first part of Phase 2 in the early 90's.

There is no current policy which applies exclusively to intra-state mail. However, the Postal Service tries to deliver all mail within 2-Days that is within "reasonable reach" of the entry point via surface transportation.

In the FY-00/01 Service Standard changes, there were no specific arrangements made to ensure that all intra-state mail would be either overnight or 2-day service. If the standard was already Overnight, it stayed that way. If it was within a 12-hour drive time, then the 2 & 3-Day Model designated it as 2-Day. If it was 12.050 hours or more, it was modeled for 3-Day.

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DBP/USPS-104

Please refer to your response to DBP/USPS-64. Are there plans to update the data? If so, please advise when it will be accomplished by. If not, please provide and explain the reasons for not updating the data.

RESPONSE:

No. Changes can be handled via a process through which USPS Contracting Officers wanting to schedule faster transportation can request deviations in specific instances.

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DBP/USPS-105

Please refer to your response to DBP/USPS-25 subpart b and DBP/USPS-89 subpart f. In the April 12, 2001 e-mail message, Mr. Gannon states that there will be changes at the start of PQ1-02 relating to the "Origin Outliers".

- [a] Are there plans to implement these changes and what is the proposed implementation date?
- [b] Are these proposed changes to bring the outlier facilities into the same 2-Days = 12.049 hours or less policy? If not, please provide full details of the changes.
- [c] Has an updated e-mail message been sent? If so, please provide a copy.

RESPONSE:

- (a) Please review the response to DBP/USPS-89(f).
- (b) No. Please review the response to DBP/USPS-89(f).
- (c) Yes. See the attachment to this response.

~ME1179

Author: CHARLES M GANNON at WADC037L
Date: 8/21/01 11:08 AM
Normal
TO: CHARLES M GANNON
Subject: Update on PQ 1-02 FCM Service Standards
----- Message Contents

All Area Managers, Operations Support
All Area Managers, In-Plant Support
All Area Managers, Distribution Networks
All Service Standard Realignment Coordinators

On April 12, 2001, we announced the final major phase of the 2 & 3-Day FCM Service Standard Realignment Model, which became effective on May 19, 2001, the start of PQ 4-01.

At that time, we anticipated that we might make some minor adjustments to some of the resulting standards at the start of PQ 1-02. Primarily, these possible changes were to only involve offices that had been officially designated as "Originating Outliers", and only if such changes seemed appropriate.

Please be advised that the decision has been made that we will not be making any FCM Service Standard changes on September 8, 2001, the start of PQ 1-02, however, the "Outlier" adjustments may still be considered sometime in the future. This decision includes holding in abeyance a final decision on any individual Area requests for any type of changes to existing FCM Service Standards.

Area requests already in the pipeline that are currently pending will still be considered for approval at the start of PQ 2-02, or later.

Gary W. Litwinowicz

Attachment to
Response to
DBP/USPS - 105

RESPONSES OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-106

Please refer to your response to DBP/USPS-57 subpart a. Please advise the specific page[s] of the 90-page USPS LR C2001-3/5 that provide the specific response to my original interrogatory.

RESPONSE:

The Postal Service considers responsive all portions of the manual that do not refer exclusively to another class of mail.

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DBP/USPS-108

Please refer to your response to DBP/USPS-83 subpart a. Please explain why a shorter trip requires a longer buffer time as opposed to the longer trip which has a shorter buffer time.

RESPONSE:

Because a surface trip up to 8 hours, with a 3.5 hour buffer would be scheduled to arrive at the destination by at least 14:00, 4 hours prior to the National Critical Entry Time of 18:00. A surface trip up to 12 hours, with a 3.5 hour buffer would be scheduled to arrive at the destination by 18:00, exactly at the National CET of 18:00. The Postal Service decided against the hour Buffer Time for trips over 8-hours because:

- (a) Longer trips have a greater likelihood of encountering impediments during the trip.
- (b) The Postal Service wants the longer trips to get on the road from the Origin as soon as possible, due to [a], above, with fewer connections and in-route stops.
- (c) The closer mail arrives to the CET, the greater the chance of mail not clearing processing in time for delivery. The Postal Service wants to leave that small 17:00-18:00 window for its facilities to be able to absorb mail volumes that, while scheduled to arrive earlier, encountered difficulties and arrived later than planned, as invariably happens in a day-to-day real operating environment, either by air or surface transportation.

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DBP/USPS-109

Please refer to your response to DBP/USPS-83 subpart b. Please define the term "slipseat driver changes."

RESPONSE:

Slip Seat is defined as "A term used to describe a motor carrier relay operation where one driver is substituted for another who has accumulated the maximum driving time hours." or a "Relay operation where drivers are changed periodically, but the truck continues from point of origin to final destination of the shipment."

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DBP/USPS-110

Please refer to your response to DBP/USPS-85 subpart o. Since the mail for Columbia SC ADC from both the Miami and South Florida P&DCs is merged at the Miami AMC, please explain how this commingled mail can have two separate delivery standards [2 days from South Florida and 3 days from Miami].

RESPONSE:

As previously described in numerous responses, the standards were based on a 12-hour drive time. As such, South Florida qualified as 2-days and Miami qualified as 3-Days to Columbia. However, the mode of transportation utilized to reach the destination is locally determined, and may even fluctuate from day-to-day, or week-to-week between air and surface. Nevertheless, the transportation mode has no bearing on the actual standards themselves, just on our attempt to meet those standards in a consistent and timely fashion.

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DBP/USPS-111

Please refer to your response to DBP/USPS-85 subpart q. This interrogatory requested the travel times BETWEEN Atlanta and Montgomery and South Florida and Miami. It *did not specify a direction*.

- [a] Please advise the times for South Florida to Atlanta and Montgomery.
- [b] Please confirm, or advise the times if unable to do so, that the times for Miami to Atlanta and Montgomery is the same as the reverse direction *data provided*.

RESPONSE:

(a&b) All drive times used in the 2 & 3-Day Model has been provided in Excel spreadsheet format as part of USPS-LR-1, OCA-12B-1.xls. Any drive times for origin/destination pairs not modeled can be estimated by a variety of means that do not require reliance on the Postal Service.

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DBP/USPS-112

Please refer to your response to DBP/USPS-91. Please explain and discuss any plans that the Postal Service had prior to September 11, 2001, for dealing with and reducing the "room for improvement" as noted in each of the three subparts to Interrogatory DBP/USPS-91.

RESPONSE:

When service performance and time-in-transit scores are circulated internally, it is expected that managers at all levels of the organization, in the ordinary course of business, will routinely review them and consider whether there is action that they can take to improve deficient scores. Such action need not be part of a special program or plan, but can occur as part of the never-ending adjusting and tweaking of operations at every level of the organization.

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DBP/USPS-113

Please refer to your response to DBP/USPS-77. While you have stated that there are no records that indicate the breakdown by mode of transportation for 2-day vs. 3-day service standard, the Interrogatory requested the best estimate by Mr. Gannon and/or other qualified employee. *Please provide this estimate.*

RESPONSE:

As explained earlier, because postal data systems do not distinguish First-Class Mail carried by a particular mode of transportation on the basis of the service standard applicable to individual mail pieces, there is no basis for the Postal Service, institutionally or through one of its knowledgeable employees, to confidently estimate the percentage of First-Class Mail traveling by surface or air that is subject to a 2-day or 3-day service standard.

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DBP/USPS-114

Please refer to your response to *DBP/USPS-77*.

- [a] Please provide the reasons for the 40% increase in the use of commercial air service between FY 1999 and the first three quarters of FY 2001.
- [b] You indicated that some mail travels by more than one mode yet the total for the 3 modes provided for FY 1999 totals 100.0%. Please explain.
- [c] Since all mail that travels by air transportation also travels for some small part by surface transportation, please advise how that is handled in the data representation.

RESPONSE:

- (a) The response to *DBP/USPS-77* contains a typographical error. The "29.0" figure should read "19.0". An erratum has been filed today.

- (b&c) Inter-modal (air/surface) transport was counted as "air" transport only.

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DBP/USPS-115 Please refer to your response to DBP/USPS-87 subpart a.

- [a] To use your example, would McDonalds allow 3.4% [13 out of 388 - if the 388 is not the correct total number of postmarking facilities, substitute the correct value and recalculate the revised percentage] of their local franchises to make “square” hamburgers rather than round ones?
- [b] To achieve the inherent corporate advantages of standardization and become a successful organization, when does the Postal Service plan on having these 13 facilities meet the National standard?
- [c] If there are no plans, please explain why not.

RESPONSE:

- (a) As it is, McDonald’s sometimes offers certain products, promotions, and prices only at “participating locations.” If, instead of operating strictly as a for-profit business, they operated as a public service and were subject to myriad public service obligations, a breakeven financial constraint, and had compelling reasons for deviations from “standard” procedure, they still might do the same. The response to DBP/USPS-87(a) was intended to convey, by hypothetical example, that the Postal Service used the principles of standardization espoused by the Baldrige Process to move in the direction of setting corporate standards, not that the Postal Service intended to perfectly mimic a private, for-profit, company. As outlined in the PowerPoint Presentation in DFC-LR-1, the Postal Service did, in fact, as part of the 2 & 3-Day Model, standardize the Clearance Times for 1, 2 or 3-Day mail at hundreds of processing facilities across the country, albeit there were a small amount of situational-based exceptions granted.

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RESPONSE to DBP/USPS-115 (continued):

- (b) The Postal Service considers itself a successful enterprise, but like all other successful enterprises, one that can improve. As indicated in earlier responses, the Postal Service has not established a compliance date.

- (c) The plan is to have these facilities meet the National standard when the obstacles that were defined in USPS LR C2001-3/3, file DBP-33.xls, have been eliminated or corrected.

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DBP/USPS-116 Please refer to your response to DBP/USPS-87 subparts b and c. Your responses indicate that the time that the Clearance Time [CT] is later than the National CT of 02:30 is just deducted from the available Buffer Time and that the resulting standards are exactly the same as if they cleared on time. The CT for Orlando, Florida is shown as 5:15 or 2 hours and 45 minutes after the National CT. Buffer Times are either 2 hours and 30 minutes for the longer trips of over 8 and up to 12 hours Drive Time and 3 hours and 30 minutes for shorter trips of up to 8 hours Drive Time.

[a] Please confirm, or explain if you are not able to do so, the above understanding.

[b] Please explain how you are able to subtract 2 hours and 45 minutes from 2 hours and 30 minutes and still have the full Drive Time available?

[c] If the Postal Service is able to reduce the Buffer Times for the 7 non-compliant offices and still achieve the desired delivery standards, please explain why any or all of the other compliant offices are not able to also reduce their Buffer Times by a similar amount and thereby add that time to their 12-hour Drive Time and achieve a greater 2-day delivery zone that could be obtained with a Drive Time of up to 14 hours and 45 minutes?

[d] For each of the 7 non-compliant facilities, provide a listing of the ADCs that are in the 2-day delivery standard and the corresponding Drive Times.

RESPONSE:

(a) Confirmed.

(b) You cannot.

(c) The offices with facility and operational difficulties requiring them to have an exceptionally late Clearance Time are less likely to still achieve the desired delivery standards than a similarly situated facility which does meet the standard. The National CTs were established on the basis on the latest time that could apply to the majority of facilities, not on those in the "extremes" of the Clearance Time spectrum (i.e. the earliest, or the latest). If, instead, the National CT had been based on the latest CT, so that all facilities would immediately be in compliance, the 2-Day drive time would have been reduced to 9 hours and 15

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RESPONSE to DBP/USPS-116 (continued):

minutes, rather than 12 hours. For that reason, the Postal Service requires opportunities to transfer and consolidate mail volumes to ensure economies of scale in purchasing transportation, and therefore, would still need the designated Buffer Times. To reduce the drive time from 12 hours to 9.25 hours would have forced many thousands of ZIP Code pairs from their currently modeled 2-Day status to a 3-Day standard.

- (d) Every single drive time used in the 2 & 3-Day Model has already been provided in an Excel spreadsheet format as part of USPS-LR-1, OCA-12B-1.xls. Feel free to review it.

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DBP/USPS-117 Please refer to your response to DBP/USPS-87 subpart a.

[a] With respect to the 13 facilities that are not able to meet the National CT for three-day mail, is the time that they clear past the National CT subtracted from the buffer time in a similar manner to the 2-day standard activity as described in the response to DBP/USPS-87 subpart b?

[b] If not, please describe the action taken.

[c] If so, then it would appear that some trips are able to utilize a buffer time of five hours less the normal 9-1/2 hours. Please confirm or explain.

[d] Please advise those facilities that might be able to upgrade the delivery from 3-days to 2-days by use of a smaller Buffer Time.

RESPONSE:

(a) In the planning mode, yes, the *"time that they clear past the National CT"* would be subtracted from the 9.5 hour 3-Day surface buffer time.

(b) N/A

(c) Confirmed. In fact, where there are sufficient originating volumes, some trips may not use any of the available Buffer Time, on either 2-Day or 3-Day trips.

(d) If Buffer Times were reduced, or even eliminated, without regard to associated transportation costs or the obligation to use economical modes of transportation, every single Originating Facility would be able to reach some facilities in 2-Days that are currently 3-Days.

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DBP/USPS-118 Please refer to your response to DBP/USPS-89 subpart a. Your response indicates that while the Parent Originating P&DC for Midland, Texas, is El Paso, Texas, Midland dispatches 2- and 3-day mail to Dallas, Fort Worth, Lubbock, Abilene, Roswell, and El Paso.

- [a] What is the definition of a Parent Originating P&DC as it appears in Library Reference 3?
- [b] What is the significance of designating El Paso as the Parent P&DC for Midland?
- [c] For each of the other sixteen Outliers, please provide a listing showing the facilities to which they dispatch 2- and 3-day mail similar to the way the response for subpart a provides the data for Midland.

RESPONSE:

- (a) Each of the Postal Service's 83 Processing & Distribution Facilities (P&DFs) and 124 Customer Services Facilities (CSFs) was assigned as a "subordinate facility" to one of the larger 174 Processing & Distribution Centers (P&DCs) in the contiguous 48 states. Usually, the designated Parent P&DC is the nearest P&DC, or the P&DC through which the smaller P&DFs and CSFs route their mail for transportation purposes; however, that is not always the case and each Area office determined the final "parent" P&DC designation. These P&DCs were then considered, for Service Standard Mapping purposes, to be the "Parent" P&DC. Excluding Originating Outliers, the 2 & 3-Day Originating Service Standards for a Parent P&DC, and its subordinate P&DFs and CSFs, will be exactly the same.
- (b) As per the above response to DBP/USPS-118 [a], El Paso was the Originating Parent P&DC designated by the Southwest Area for use in constructing the 2 & 3-Day Originating Service Standard Model. Midland is 301 miles from El Paso and 307 miles from Fort Worth. Due to the remote location, Midland was subsequently

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RESPONSE to DBP/USPS-118 (continued):

designated as an Originating Outlier, and excluded from the Service Standard changes that are issue in this proceeding.

(c) Objection filed.

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DBP/USPS-123 Please refer to your response to DBP/USPS-89 subpart I.

[a] Please advise the method to be utilized with Library Reference 4 to obtain the ADCs that are associated with the delivery standards as shown.

[b] Confirm that all outlier facilities dispatch their overnight mail directly to the facility involved as opposed to sending the mail through their parent P&DC or other facility? If there are any exceptions, please advise the specifics.

[c] Please explain why Billings MT P&DC is only able to have 2-day delivery to part of the Seattle WA ADC [835 and 990-994]. Please advise how that mail is dispatched including the facilities that it travels through.

[d] Please advise how the mail is dispatched [including the facilities that it travels through] from Kalispell MT to the Boise ID ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Billings MT has a 3-day delivery standard to the same ADC.

[e] Please advise how the mail is dispatched [including the facilities that it travels through] from Kalispell MT to the Ely NV SCF and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Billings MT has a 3-day delivery standard to the same SCF.

[f] Please advise how the mail is dispatched [including the facilities that it travels through] from Amarillo TX to the Denver CO ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Fort Worth TX has a 3-day delivery standard to the same ADC.

[g] Please advise how the mail is dispatched [including the facilities that it travels through] from Worland WY to the Phoenix AZ ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Cheyenne WY has a 3-day delivery standard to the same ADC.

[h] Please advise how the mail is dispatched [including the facilities that it travels through] from Worland WY to the Ely NV 893 SCF and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Cheyenne WY has a 3-day delivery standard to the same SCF.

[i] Please explain why Worland WY is not able to achieve 2-day delivery to the 821 Yellowstone Park area while it is able to reach the rest of the Billings MT in 2 days.

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DBP/USPS-123 (continued):

[j] Please advise how the mail is dispatched [including the facilities that it travels through] from Rapid City SD to the Denver CO ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Sioux Falls SD has a 3-day delivery standard to the same ADC.

[k] Please advise how the mail is dispatched [including the facilities that it travels through] from Missoula MT to the Boise ID ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Billings MT has a 3-day delivery standard to the same ADC.

[l] Please advise how the mail is dispatched [including the facilities that it travels through] from Missoula MT to the Ely NV 893 SCF and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Billings MT has a 3-day delivery standard to the same SCF.

[m] Please advise how the mail is dispatched [including the facilities that it travels through] from Lubbock TX to the Denver CO ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Fort Worth TX has a 3-day delivery standard to the same ADC.

[n] Please advise how the mail is dispatched [including the facilities that it travels through] from Durango CO to the Phoenix AZ ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Colorado Springs CO has a 3-day delivery standard to the same ADC.

[o] Please advise how the mail is dispatched [including the facilities that it travels through] from Durango CO to the Ely NV SCF 893 and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Colorado Springs CO has a 3-day delivery standard to the same SCF.

[p] Please advise how the mail is dispatched [including the facilities that it travels through] from Mobridge SD to the Denver CO ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Sioux Falls SD has a 3-day delivery standard to the same ADC.

[q] Please explain why Minot ND is not able to achieve 2-day delivery to the 821 Yellowstone Park area while it is able to reach the rest of the Billings MT in 2 days.

[r] Please advise how the mail is dispatched [including the facilities that it travels through] from Childress TX to the Denver CO ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Fort Worth TX has a 3-day delivery standard to the same ADC.

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DBP/USPS-123 (continued):

[s] Please explain why Bismarck ND is not able to achieve 2-day delivery to the 821 Yellowstone Park area while it is able to reach the rest of the Billings MT in 2 days.

[t] Please advise how the mail is dispatched [including the facilities that it travels through] from Bismarck ND to the Saint Louis MO ADC and explain why that it is possible to obtain a 2-day delivery standard while mail from the parent P&DC Fargo ND has a 3-day delivery standard to the same ADC.

RESPONSE:

- (a) Open both the Service Standards Map Program and the Excel GOEZINTA worksheet already in the record as USPS-LR-1, OCA-12B-2.xls. You can then easily examine the ADC assignment of any ZIP Code by referencing, or filtering, columns "A" and "N" in the Excel workbook, while also observing the assigned Service Standards, by color code, on the Service Standard Map program.
- (b) It cannot be confirmed that all Outlier facilities dispatch their Overnight mail directly to the facility involved as opposed to sending the mail through their parent P&DC or other facility. First, Overnight mail was not part of the Service Standard changes at issue in this proceeding. Second, Outliers did not have their standards changed as a result of the 2 & 3-Day Model. Third, as with the dispatch of Overnight mail from all facilities, not just Outliers, there may be direct trips, there may be trips that stop at other local facilities, there may be trips that dispatch the mail to HASPs/HUBs for processing or transfer, and there may be trips that drop Overnight mail off at another local facility to be cross-docked to transportation going to the destination facility. Additionally, since some

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RESPONSE to DBP/USPS-123 (continued):

Overnight pairs may have a dozen or more trips between them during a 24-hour period, some or all of these conditions may exist at different times of the day between the same paired cities. There is no way to reduce our various transportation scenarios to such a simplified “confirm” or “not confirm” statement.

- (c) In response to OCA/USPS-14, the Postal Service explained that it created “Mini-ADCs” at Spokane WA, El Paso TX and Reno NV, because they are remotely located SCFs that were exceptional distances from their real Parent ADC. For this reason, as identified in the Excel workbooks provided in USPS LR C2001-3/X, file OCA-12B-1 & 2, the Model was designed to treat the 3 “Mini-ADCs” as if they were real ADCs, just for the purposes of modeling the standards.
- (d-t) Objections filed.

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DBP/USPS-124 Please refer to your response to DBP/USPS-24 subpart e and the associated Library Reference 2.

- [a] Please confirm, or explain if you are not able to do so, that the Library Reference provides data regarding the timeliness of all flights regardless of whether or not they transport mail.
- [b] Please confirm, or explain if you are not able to do so, that the Library Reference provides data regarding the timeliness of all flights and does not indicate whether mail is being bumped from any given flight.
- [c] Please confirm, or explain if you are not able to do so, that the Library Reference provides data regarding the timeliness of all flights and does not indicate any delays that may be experienced in loading or unloading the mail and transferring it to the AMF/AMC.
- [d] Please confirm, or explain if you are not able to do so, that the Library Reference does not provide any demonstration of the level of reliability of commercial air transportation as it relates to the transportation of mail.
- [e] Please provide details and specific data over at least the past five years which will demonstrate the level of reliability of commercial air transportation as it relates to the transportation of mail.

RESPONSE:

- (a) That is correct only with respect to the Department of Transportation summaries.
- (b) Correct.
- (c) The USPS summaries indicate more than “block time” or gate-to-gate timeliness of air flights carrying mail. They include timeliness in transfer of mail at a destinating airport to the postal AMF.

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RESPONSE to DBP/USPS-124 (continued):

(d&e) The Postal Service provided the two distinct data sets in the Library Reference. The DOT reports indicate the reliability of commercial air service generally. The USPS summaries indicate the reliability of commercial air transportation of mail.

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DBP/USPS-125 Please refer to your response to DBP/USPS-27 subpart f and the associated Library Reference C2001-3/5. Please provide specific references as to which pages and sections of the 90-page handbook are responsive to the original interrogatory.

RESPONSE:

The original interrogatory sought information relating to policies regarding dispatch of mail by air. Those policies are reflected in the Handbook M-22, a copy of which was filed as USPS LR C2001-3/5. An examination of the Table of Contents will prove useful. Numerous sections of the M-22 are responsive. Some relate exclusively to air transportation. Other relate to all modes of transportation. Some provisions explicitly relate only to surface transportation. It is best to refer to the Table of Contents and to read the M-22 as a whole to understand which portions relate to the dispatch of mail by air.

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DBP/USPS-126 Please refer to the Library Reference C2001-3/8.

[a] What is the present status of the conditions at the airport in Atlanta as well as the status of all of the promised corrective action.

[b] Based on the conditions that were discovered in Atlanta, please provide information on the action taken to determine whether similar problems exist at other AMF/AMCs in the country.

[c] What is the result of any investigations made as a result of actions taken as noted in subpart b above?

RESPONSE:

(a) The airline and the postal Air Mail Facility have been working to improve operations. See USPS LR C2001-3/8, at 10-11.

(b) Bear in mind that the report was issued in August, 2001, and that significant emergencies have transpired between that time and the 2001 holiday rush that may result in the report not receiving the undivided attention of all postal Air Mail Facilities. The internal circulation of the August 2001 Office of Inspector General audit report can be expected to prompt self-review by other Air Mail Facilities that could uncover similar opportunities for improvement, provided those facilities are not overwhelmed by other challenges resulting from the events of September 11, 2001, and the subsequent anthrax contamination, and after they get through the 2001 holiday season.

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RESPONSE to DBP/USPS-126 (continued):

- (c) It is not known whether the Office of the Inspector General intends to follow up with other Air Mail Facility audits, either based on the Atlanta audit or for other reasons. That audit report came out nearly a year after the audit began. It is not known whether there will be any such future audits or when the fruits of any subsequent audits might be known.

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DBP/USPS-127 Please refer to your response to DBP/USPS-51 subpart b. Presiding Officer's Ruling No. C2001-3/6 ruled that, "It would be useful if the Service would attempt to provide, for subpart b, some narrative explanation supporting its conclusion that these percentages constitute reliable and consistent service." Your narrative merely states that it represents a "very reliable and consistent service because a very high percentage of mail is delivered within standard."

[a] Your response does not appear to comply with the Order of the Commission and only appears to paraphrase your original response. Please provide a narrative explanation as to why the Postal Service believes that 93.96% of the overnight mail arriving on time represents reliable and consistent service.

[b] Your revised response added the word "very" prior to "reliable and consistent service" and "high percentage". At what percentage level does the Postal Service believe that there is a transition between very reliable and consistent service and "just plain" reliable and consistent service?

[c] Below what percentage level would the Postal Service believe that the service was no longer reliable and consistent.

RESPONSE:

- (a) The Postal Service considers its answer to have been responsive. The same answer could have been provided using more words. However, such an answer, if reduced to its essence, would reflect the substance of the answer provided.
- (b) The Postal Service's response merely indicated that, relative to the full range of levels of reliability (zero to 100 percent), 93 percent was "very high." Put the right people in a room and one could witness endless quibbling over what constitutes "plain" reliability and how many qualitative levels of reliability there are between "very" and "plain." The Postal Service leaves it to others to participate in those debates.

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RESPONSE to DBP/USPS-127(continued):

- (c) At zero percent on time, there would be a complete absence of reliability and consistency. Beginning at 1 percent and continuing to 100 percent, one would observe increasing levels of reliability and consistency.

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DBP/USPS-128 Please refer to your response to DBP/USPS-51 subpart c. Presiding Officer's Ruling No. C2001-3/6 ruled that, "To the extent other reasons are readily discernable, the Service is directed to provide them."

[a] Please confirm, or explain if you are unable to do so, that, based on your latest response to subpart c, the only reasons that the Postal Service has discerned for the reasons why 6.04% of the overnight mail is delivered late are those specified in the November 13, 2001 Opposition of the USPS, namely, "five percent of the late mail is late because of carrier missorts or six percent is late because of machine missorts, or seven percent missed standard because of a failure to sweep collection boxes on time", namely, these are the only reasons that are readily discernible and that there is no readily discernible reason for the other 82-percent of the late mail [100% minus 5%, 6%, and 7%].

[b] To the extent that my choice of the specific quarter 2001 PQ4 may not be representative of the current conditions, please advise if there would be a different response if any of the four previous quarters had been chosen, and if so, provide the response.

RESPONSE:

- (a) Not confirmed. As indicated in response to DBP/USPS-51(c), the Postal Service has performed no analysis to determine the specific reasons underlying the failure to achieve on-time performance in FY2001 Q4.
- (b) The Postal Service is not sure that it grasps the meaning of this question. Whether or not FY 2001 Q4 is "representative of the current conditions," the response to DBP/USPS-51(c) still stands. The current conditions would be represented by FY2002 Q1 and Q2, which are affected by the aftermath of September 11th, anthrax, and the holiday mailing season, hardly making them representative. The four previous (to FY 2001 Q4) quarters would reflect the time period during which service standard changes were still being implemented, making them ill-suited for the requested before-and-after analysis. As indicated in response to DBP/USPS-51(c), no analysis of the "after" quarter (FY 2001 Q4) has been performed.

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DBP/USPS-129 Please refer to your response to DBP/USPS-52 subpart b. Presiding Officer's Ruling No. C2001-3/6 ruled that, "It would be useful if the Service would attempt to provide, for subpart b, some narrative explanation supporting its conclusion that these percentages constitute reliable and consistent service." Your narrative merely states that it represents a "less reliable and consistent service because it is lower than the overnight on-time percentage delivered within standard."

[a] Your response does not appear to comply with the Order of the Commission and only appears to paraphrase your original response. Please provide a narrative explanation as to why the Postal Service believes that 86.08% of the 2-day mail arriving on time represents reliable and consistent service.

[b] Below what percentage level would the Postal Service believe that the service was no longer reliable and consistent.

RESPONSE:

- (a) The Postal Service considers its answer to have been responsive. The same answer could have been provided using more words. However, such an answer, if reduced to its essence, would reflect the substance of the answer provided. The Postal Service's response merely indicted that, relative to the full range of levels of reliability (zero to 100 percent), 86 percent was reliable, if only to a lesser degree than a higher figure, such as 94 percent. 86 percent reliable is 86 percent reliable. Not as high as 94 percent. Not as low as 80 percent.
- (b) The Postal Service's response merely indicted that, relative to the full range of levels of reliability (zero to 100 percent), 86 percent was still reflective of a degree of reliability and consistency. At zero percent on time, there would be a complete absence of reliability and consistency. Beginning at 1 percent and continuing to 100 percent, one would observe increasing levels of reliability and consistency.

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DBP/USPS-130 Please refer to your response to DBP/USPS-52 subpart c. Presiding Officer's Ruling No. C2001-3/6 ruled that, "To the extent other reasons are readily discernable, the Service is directed to provide them."

[a] Please confirm, or explain if you are unable to do so, that, based on your latest response to subpart c, the only reasons that the Postal Service has discerned for the reasons why 13.92% of the 2-day mail is delivered late are those specified in the November 13, 2001 Opposition of the USPS, namely, "five percent of the late mail is late because of carrier missorts or six percent is late because of machine missorts, or seven percent missed standard because of a failure to sweep collection boxes on time", namely, these are the only reasons that are readily discernible and that there is no readily discernible reason for the other 82-percent of the late mail [100% minus 5%, 6%, and 7%].

[b] To the extent that my choice of the specific quarter 2001 PQ4 may not be representative of the current conditions, please advise if there would be a different response if any of the four previous quarters had been chosen, and if so, provide the response.

RESPONSE:

- (a) Not confirmed. The Opposition pleading to which this question refers only listed hypothetical reasons that could account for mail being late and assigned hypothetical percentages to each reason to make the point that it was immaterial what the reasons and the percentages were. Nothing in that Opposition could be reasonably construed to suggest that the Postal Service has conducted such an analysis to determine what the reasons are or what their relative percentages may be. The figures in that Opposition -- 5 percent, 6 percent, and 7 percent -- are purely hypothetical. The fact that they add up to 18 percent is purely coincidental.
- (b) Please see the response to DBP/USPS-128(b).

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DBP/USPS-131 Please refer to your response to DBP/USPS-53 subpart b. Presiding Officer's Ruling No. C2001-3/6 ruled that, "It would be useful if the Service would attempt to provide, for subpart b, some narrative explanation supporting its conclusion that these percentages constitute reliable and consistent service." Your narrative merely states that it represents a "slightly less reliable and consistent service because it is slightly lower than the 2-day on-time percentage delivered within standard."

[a] Your response does not appear to comply with the Order of the Commission and only appears to paraphrase your original response. Please provide a narrative explanation as to why the Postal Service believes that 83.18% of the 3-day mail arriving on time represents reliable and consistent service.

[b] Your revised response added the word "slightly less" prior to "reliable and consistent service". At what percentage level does the Postal Service believe that there is a transition between slightly less reliable and consistent service and "just plain" reliable and consistent service?

[c] Below what percentage level would the Postal Service believe that the service was no longer reliable and consistent.

RESPONSE:

- (a) The Postal Service considers its answer to have been responsive. The same answer could have been provided using more words. However, such an answer, if reduced to its essence, would reflect the substance of the answer provided.
- (b) The Postal Service's response merely indicted that, relative to 86 percent, 83 percent was "slightly less" reliable. Again, put the right people in a room and one could witness endless quibbling over whether 83 percent is "slightly less" than 86 percent and whether 83 percent is higher than, lower than, or the equivalent of "plain" reliability. The Postal Service leaves it to others to participate in those debates.

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RESPONSE to DBP/USPS-131(continued):

- (c) At zero percent on time, there would be a complete absence of reliability and consistency. Beginning at 1 percent and continuing to 100 percent, one would observe increasing levels of reliability and consistency.

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DBP/USPS-132 Please refer to your response to DBP/USPS-53 subpart c. Presiding Officer's Ruling No. C2001-3/6 ruled that, "To the extent other reasons are readily discernable, the Service is directed to provide them."

[a] Please confirm, or explain if you are unable to do so, that, based on your latest response to subpart c, the only reasons that the Postal Service has discerned for the reasons why 16.82% of the 3-day mail is delivered late are those specified in the November 13, 2001 Opposition of the USPS, namely, "five percent of the late mail is late because of carrier missorts or six percent is late because of machine missorts, or seven percent missed standard because of a failure to sweep collection boxes on time", namely, these are the only reasons that are readily discernible and that there is no readily discernible reason for the other 82-percent of the late mail [100% minus 5%, 6%, and 7%].

[b] To the extent that my choice of the specific quarter 2001 PQ4 may not be representative of the current conditions, please advise if there would be a different response if any of the four previous quarters had been chosen, and if so, provide the response.

RESPONSE:

- (a) See the response to DBP/USPS-130(a).
- (b) See the response to DBP/USPS-128(b).

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DBP/USPS-133 Please refer to your response to DBP/USPS-93 subpart b. Please confirm, or explain if you are unable to do so, that it is possible for an individual who is either requesting or evaluating a change of service standards which results in a downgrade of service to have an incentive to do so because it will result in more favorable delivery results and thereby allow that individual to either "look better" or to potentially receive a greater compensation.

RESPONSE:

The 2 & 3-Day Service Standard changes at issue in C2001-3 were "systemic" in nature and were generated by the Service Standards Team. Accordingly, they were not requested by individuals motivated by a desire either to "look better" or "receive a greater compensation." The Service Standards Team had no control over the EXFC system, as it is operated by PriceWaterhouseCoopers. The Service Standards Team had no oversight responsibilities related to EXFC. Those responsibilities rest with the USPS Office of Consumer Advocate. The Service Standard Team had no input into determining whether or the extent to which EXFC scores are related to USPS employee compensation. In any event, the Team UPGRADED more EXFC origin-destination pairs from 3-day to 2-day than they DOWNGRADED from 2-day to 3-day.

Your question asks whether it is possible for a local manager -- despite the following explicit language in the "Policy For Requesting A Service Standard Change" (see USPS LR C2001-3/1, file OCA-1):

A poor service performance trend (either EXFC or ODIS), by itself, is not adequate justification to make changes to service standards. The frequently seen assumption that "moving overnight offices to 2-day standards may result in higher ODIS/EXFC performance scores," is probably accurate. However, making such a change under the guise of "improving service" or "leveling service,"

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RESPONSE to DBP/USPS-133(continued):

without other supporting documentation to operationally justify the change, is considered numerical manipulation and will not result in the approval of the requested change. The Office of Service Management Policies and Programs is not adverse to implementing service standard changes, including downgrades, but they must be supported by adequate documentation showing specific support and justification for necessitating such a change, rather than just providing a record of poor overall service performance between 3-digit offices.

to be motivated by a desire to favorably impact the performance scores by which a percentage of success is measured under non-systemic procedures -- to request "downgraded" standards?

This interrogatory, as posed, is not germane to the 2 & 3-Day Service Standard changes implemented during FY-00/01. The repeated inference in this, and other interrogatories, that Service Standard changes are allowed, or made, for self-serving reasons because those involved are seeking to receive "greater compensation" for themselves is, understandably, offensive to those who toiled to develop and implement the changes at issue in this proceeding. The above quoted language clearly states that such requests will not be approved. This is the policy that Mr. Gannon and his office designed to help maintain the integrity of Service Standards and it is the policy by which they evaluate such requests from Area Offices.

The answer to your question would be the same as the answer to the following question: Is it possible for someone to ask for an affirmative response to a question for which the answer, as a matter of explicit policy and practice, is "Absolutely not!" It is not outside the realm of possibility.

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DBP/USPS-134 Please refer to your response to DBP/USPS 59 and 96. If I make the correction to DBP/USPS-59 as stated in DBP/USPS-96, then I have a mathematical condition that is not possible since it represents more than 100% of the mail. Please respond to the original DBP/USPS-59 interrogatory.

RESPONSE:

The condition is alleviated, for purposes of the response to DBP/USPS-96, if you assume, as did the Postal Service, that the shift from the DBP/USPS-59 scenario

<u>Overnight</u>	<u>2-Day&Later</u>
10%	90% (60+ 30)

is to

<u>Overnight</u>	<u>2-Day & Later</u>
85%	(any combination adding up to 15%)

The Postal Service has responded to both DBP/USPS-59 and 96, despite the fact, as made clear in the response to DBP/USPS-59, that you are inquiring about a policy for service standard changes of a type not at issue in this proceeding.

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DBP/USPS-135 Please refer to your response to DBP/USPS-105 subpart b. The response to DBP/USPS-89 subpart f states that there will some minor “clean-up” changes for the 17 Outlier offices which will have made the Destination ADCs homogeneous. The response to DBP/USPS-105 subpart b states that the changes will not be to make them the same as the non-outlier offices, namely, 12.049 hours or less = 2-day delivery standard.

- [a] Other than the changes that will be made so that the part of the Destination ADC that requires a change to match the remaining part of the same Destination ADC, confirm, or explain if you are unable to do so, that there will be no changes made which are related to the drive time between the originating Outlier office and the Destination ADC.
- [b] Confirm, or explain if you are unable to do so, that after the minor “clean-up” changes are made there will still be instances where these facilities will have delivery standards that do not match the nationwide standard of 2-days = 12.049 hours drive time or less.
- [c] Please provide a listing of those instances where the delivery standards will not meet the above standard referenced in subpart b and provide the justification for the departure.
- [d] Please explain why this nationwide standard does not apply to the outlier offices.
- [e] Please explain how the outlier offices will be able to achieve a faster delivery service than their parent P&DC?
- [f] Please explain why a faster delivery standard for an outlier facility when compared to its parent P&DC can be considered appropriate.

RESPONSE:

- (a) That cannot be confirmed because, as previously discussed in the response to DBP/USPS-89(f), that planned action has been postponed for the time being. Headquarters has not yet entered into discussions with the Area offices regarding the potential changes to those offices designated as Originating Outliers. Although it is possible, Outlier offices would not, normally, dispatch mail directly to Destination ADCs (excluding the ADC which has responsibility for the that offices Destinating mail), so there would be no changes based on “drive

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RESPONSE to DBP/USPS-135 (continued):

times” between them. However, as additional information, a factor which will likely come into play, whenever discussions regarding Outlier “clean-up” take place, will be the drive time from an Outlier to any office through which it will be routing mail in order to make connections to Destinating ADCs. This will be critical because, as remotely located facilities, there may be instances where it is not reasonable to expect an Outlier to have a 2-Day standard to a destination ADC for which it cannot connect to dependable and available transportation which meets the required Critical Entry Time.

- (b) As noted above in response to subpart (a), that can neither be confirmed nor denied, since the activities preceding such changes have been indefinitely postponed. However, it is likely that such a result will be the case, since the very reason they are designated as Outliers is that they cannot make connections to the necessary transportation, due to their remote locations.
- (c) Since the process of determining the changes has been put on hold, the requested list does not yet exist.
- (d) Because they are remotely located facilities, as has been fully explained in several earlier responses, including the response to DBP/USPS-89(l).
- (e) They, most likely, will not.
- (f) Unless, due to a particular geographical layout, it happens to be physically closer to an ADC that cannot be reached in 12 hours by the Parent P&DC, to have

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RESPONSE to DBP/USPS-135 (continued):

sufficient Originating volume, and to have available and dependable transportation to an ADC, it most likely would not be appropriate, which is exactly the Postal Service originally planned to make adjustments to the Originating Outlier standards this past September, as noted in several earlier interrogatory responses.

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DBP/USPS-136 Please refer to your response to DBP/USPS-107. Section 252 of the DMCS states, "First-Class Mail receives expeditious handling and transportation, except that when First-Class Mail is attached to or enclosed with mail of another class, the service of that class applies." Section 220 of the DMCS provides a "Description of Subclasses", namely, Section 221 - Letters and Sealed Parcels Subclass; Section 222 - Cards Subclass; and Section 223 - Priority Mail Subclass.

- [a] Confirm, or explain if you are unable to do so, that the Section 252 of the DMCS applies equally to all three Subclasses noted in DMCS Sections 221, 222, and 223.
- [b] Confirm, or explain if you are unable to do so, that the expeditious handling and transportation provided for the Letters and Sealed Parcels Subclass and the Cards Subclass is the same.
- [c] Confirm, or explain if you are unable to do so, that the expeditious handling and transportation provided for the Letters and Sealed Parcels Subclass and the Cards Subclass differs from the expeditious handling and transportation provided for the Priority Mail Subclass.
- [d] Provide a complete listing of the details of those distinctions that are made where the expeditious handling and transportation provided for the Letters and Sealed Parcels Subclass and the Cards Subclass is less than the expeditious handling and transportation provided for the Priority Mail Subclass.
- [e] Provide a complete listing of the details of those distinctions that are made where the expeditious handling and transportation provided for the Letters and Sealed Parcels Subclass and the Cards Subclass is greater than the expeditious handling and transportation provided for the Priority Mail Subclass.
- [f] Since the "Service" described in DMCS Section 252 applies equally to all three Subclasses of First-Class Mail as noted in DMCS Sections 221, 222, and 223, please explain how users of the Letters and Sealed Parcels Subclass and the Cards Subclass will receive a level of service which equals that provided to the Priority Mail Subclass.

RESPONSE:

- (a) The section applies to all three subclasses, although it is implemented so that there are different sets of service standards for letters and Cards, on the one hand, and Priority Mail, on the other.
- (b) Confirmed.

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RESPONSE to DBP/USPS-136 (continued):

(c) See response to subpart (a).

(d-f) Objections filed.

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DBP/USPS-137 Please refer to your response to DBP/USPS-110. Your response misinterpreted the interrogatory. The question was not how South Florida arrived at being a 2-day standard and Miami arrived at being a 3-day standard. You have indicated that the mail from both South Florida and Miami and destined to the Columbia SC ADC is merged at the Miami AMC. You have also indicated that the mail is commingled at and flown from the Miami AMC to Columbia SC. For purposes of this interrogatory, assume that we are referring to mail which originates in the South Florida and Miami P&DC areas on a Monday of a no-holiday week and is destined for the Columbia SC ADC.

- [a] Confirm that the mail from both P&DCs will arrive at the Miami AMC on Monday night and/or Tuesday morning. Provide the normal arriving times for mail from each of the facilities.
- [b] Is there any external indication on the mail containers as to the scheduled delivery day for the mail. If so, provide details and copies of a sample label.
- [c] Does the mail from the South Florida P&DC normally fly on the same flights as the mail from the Miami P&DC? If not, provide an estimate of the percentage of time that the mail from both P&DCs will fly together.
- [d] Describe any efforts, if any, that are made at the Miami AMC to dispatch the South Florida P&DC mail prior to the mail from the Miami P&DC.
- [e] Confirm that the mail from the South Florida P&DC is scheduled for delivery on Wednesday.
- [f] Confirm that the mail from the Miami P&DC is scheduled for delivery on Thursday.
- [g] Confirm that the mail from both the South Florida and Miami P&DCs will arrive at the Columbia AMC/AMF.
- [h] Describe any efforts, if any, that are made at the Columbia AMC/AMF to dispatch to the Columbia ADC the mail arriving from the South Florida P&DC mail prior to the mail arriving from the Miami P&DC.
- [i] Confirm that the Columbia ADC is co-located at the Columbia P&DC and is located some distance from the Columbia AMC/AMF such that separate transportation is required.
- [j] Does the mail that originated at the South Florida P&DC normally travel on the same transportation from the Columbia AMC/AMF to the Columbia ADC as the mail that originated at the Miami P&DC? If not, provide an estimate of the percentage of time that the mail from both P&DCs will be transported together.

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DBP/USPS-137 (continued):

- [k] Describe any efforts, if any, that are made at the Columbia ADC to process the mail arriving from the South Florida P&DC mail prior to the mail arriving from the Miami P&DC.
- [l] *Is there any internal or external indication on or in the mail containers as to the scheduled delivery day for the mail. If so, provide details as well as copies of a sample label.*
- [m] Please advise the percentage of mail originating at the South Florida P&DC that was delivered to addressees in the Columbia SC ADC area in two days or less during the most recent three-month period of time that the data is available for.
- [n] Please advise the percentage of mail originating at the Miami P&DC that was delivered to addressees in the Columbia SC ADC area in two days or less during the most recent three-month period of time that the data is available for.
- [o] Please provide a comparison between the percentage of mail originating at the South Florida P&DC that was delivered to addressees in the Columbia SC ADC area in two days or less during the most recent three-month period of time that the data is available for vs. the percentage for mail that originated at the Miami P&DC in the same time period.
- [p] How it is possible to explain that mail between the Miami P&DC and the Columbia ADC is receiving expeditious handling and transportation when compared to mail between the South Florida P&DC and the Columbia ADC since both travel together and the mail from the South Florida P&DC has a scheduled delivery date one day earlier?
- [q] Confirm that it is possible to achieve 2-day delivery standards for mail originating at the Miami P&DC and destined for the Columbia SC ADC as easily as it is to achieve 2-day delivery standards for mail originating at the South Florida P&DC and destined for the Columbia SC ADC.
- [r] *Confirm that even though the mail destined for the Columbia SC ADC from the South Florida and Miami P&DCs will be merged at the Miami AMC and travel together from that point on by air transportation to the Columbia AMC/AMF, the mail from the South Florida P&DC will have a delivery standard of two days because it has a highway drive time of 12.049 hours or less while the mail from the Miami P&DC will have a delivery standard of three days because it has a highway drive time of greater than 12.049 hours.*
- [s] Please explain how the condition described subpart [r] can be perceived as expeditious handling and transportation.

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DBP/USPS-137 (continued):

[t] Please discuss and explain any subparts you are unable to confirm.

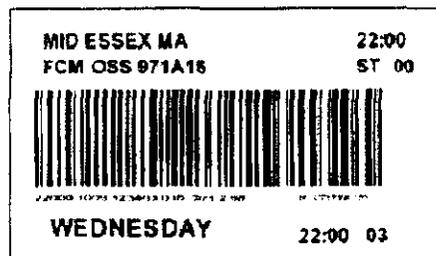
RESPONSE:

- (a) Since neither facility clears their outgoing mail until after midnight, DOV mail will not arrive at AMC Miami until Tuesday mornings. Under "normal" circumstances, the mail would be dispatched to AMC MIA as follows:

South Florida has a 2-Day CT of 01:45. Trip 33050-5 departs South Florida at 02:45, arrives at AMC MIA at 03:15 Tuesday morning. From Miami AMC, they usually use DL 1539 departing 06:50 into Atlanta arriving at 08:46. The mail transfers at Atlanta to DL-1006 departing at 11:50 and arriving in Columbia SC (CAE) at 12:39. After receiving the mail from the airlines, the mail should be ready for transportation on 290VS-1520 departing the AMC at 15:20 and arriving at Columbia ADC at 15:40.

Miami FL 331 has a 3-Day CT of 04:30. Trip 331VS1063 departs Miami at 04:45, arrives at AMC MIA at 05:00 Tuesday morning. From Miami AMC, they target DL-2246 into Atlanta departing at 08:25 and arriving Atlanta at 10:14. From Atlanta, they connect to DL-1707 departing at 14:40 and arriving at 15:31 in Columbia SC. After receiving the mail from the airlines, the mail should be ready for transportation on 290VS-ND departing the AMC at 21:35 and arriving at Columbia ADC at 21:50.

- (b) Yes, the scheduled delivery day of the week, based on the respective Service Standard, is printed on the destination label, as indicated by the following example:



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RESPONSE to DBP/USPS-137 (continued):

- (c) Apparently, the mail will not normally fly together on the same flight. It is unknown how often it may do so and there are insufficient data upon which to base an estimate of how frequently it may do so.
- (d) When 2 items of mail are received, one with a Wednesday standard, and one with a Thursday standard, the AMC operation gives priority treatment to the mail with the Wednesday Service Standard.
- (e-g) Confirmed.
- (h) When 2 items of mail are received, one with a Wednesday standard, and one with a Thursday standard, the AMC operation gives priority treatment to the mail with the Wednesday Service Standard.
- (i) Confirmed.
- (j) Apparently, the mail will not normally travel together. It is unknown how often it may do so and there are insufficient data upon which to base an estimate of how frequently it may do so.
- (k) When 2 items of mail are received, one with a Wednesday standard, and one with a Thursday standard, the AMC operation gives priority treatment to the mail with the Wednesday Service Standard.

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RESPONSE to DBP/USPS-137 (continued):

- (l) Please see the above response to subpart (b).

- (m-o) Objections filed.

- (p) Prior to the changes made in FY-00/01, the Service Standard from both Miami P&DC and South Florida P&DC was 3-Days. In an effort to extend 2-Day reach, by expanding the surface Transportation Network, the result was that one office qualified and the other did not. Rather than leave them both 3-day, the Postal Service moved one of them to 2-day. Additionally, the fact that, at this point, they are both using air transportation does not mean that they will continue to do so in the future. Please also see the response to DBP/USPS-100(a).

- (q) This cannot be confirmed. Based on the Service Standard Model, mail dispatched from Miami will not reach the Columbia ADC at an acceptable time in order to achieve 2-Day delivery on a consistent basis.

- (r) Although the mail in question may, or may not, be "merged" at Miami AMC, it can be confirmed that the drive time was the determining factor for upgrading the Service Standard from 3-Days to 2-Days for the mail from South Florida P&DC, and that the mail from Miami P&DC did not meet the qualification.

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RESPONSE to DBP/USPS-137 (continued):

- (s) Please see the responses to subparts (p) and (r). The conditions described in those responses can be perceived as part of a system of expeditious handling and transportation if one judges the system as a whole and recognizes that whenever lines have to be drawn, there will always be close cases, and concedes that a reasonable and rational process produced the existing Service Standards . In this particular case, the Postal Service upgraded South Florida P&DC to ADC Columbia from a 3-day to a 2-day Service Standard. It should not be forgotten that the Service Standard changes at issue in this proceeding result in more 3-Digit ZIP Code pairs and delivery points being subject to a 2-day Service Standard.
- (t) N/A

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DBP/USPS-138 Please refer to your response to DBP/USPS-112. Please confirm, or explain if you are not able to do so, that the Postal Service does not have any special program or plan to improve the percentage of mail that is delivered on time and that managers only routinely review the results and consider whether there is any action that they can take to improve deficient scores.

RESPONSE:

Postal Service managers at all levels routinely monitor service performance and time-in-transit scores for the purpose of identifying, diagnosing, and correcting problems in mail processing, transportation, and delivery. This is a routine function, in the same sense that hospital emergency room personnel routinely identify, diagnose, and treat a full range of medical situations day-in and day-out. Putting aside the obvious difference in gravity between late mail and most medical trauma, the persons responsible for dealing with these different, but important situations go about their jobs, oblivious to whether someone might argue that what they do is "special" or "routine."

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DBP/USPS-139 Please refer to your response to DBP/USPS-112. Please provide details of the various types of action that have been taken as a part of the never-ending adjusting and tweaking of operations at every level of the organization to improve deficient scores.

RESPONSE:

Managers whose service areas are the subject of particular ODIS and EXFC scores will routinely examine operations (collection, mail processing, transportation, and delivery) that have an impact on those scores to determine whether there are operational plan failures that can be corrected that might account for deficient scores. Inquiries can be made from Headquarters to Area offices to identify particular mail processing or transportation bottlenecks and to determine when, where, and how solutions can be implemented. The same inquiries can be made from an Area office to local operations within its jurisdiction or to other Area offices. Cross-functional communication (between mail processing and delivery personnel or between transportation and mail processing personnel) can result in corrections to existing mail processing operations or plans, or adjustments to transportation arrangements or changes in transportation modes or schedules to eliminate the source of service failures. Because of the complexity of the postal system, this reviewing, adjusting and tweaking is ongoing.

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DBP/USPS-140 Please refer to your response to DBP/USPS-116 subpart d. Your response did not provide the listing of the ADCs that are in the 2-day delivery standard.

RESPONSE:

As indicated in response to DBP/USPS-116(d), every single drive time used in the 2 & 3-Day Model has already been provided in an Excel spreadsheet format as part of USPS-LR-1, OCA-12B-1.xls. To assist you further, here is how to determine which ADCs have a 2-Day standard and how to link them to the drive times:

- Go to USPS-LR-1, OCA-12B-1.xls
- Go to the last worksheet titled "Time-Zone corrected Times color".
- Any Origin P&DC to Destinating ADC pair in which is cell is colored RED (drive times up to 12.049) qualified for a 2-Day standard.
- Then refer to USPS LR C2001-3/4, file DFC-USPS-3.xls, to exclude those P&DC-to-ADC pairs which were granted National Exceptions.
- Once you exclude the exceptions, the pairs remaining are those that are 2-Day, from the Parent P&DC
- Please be reminded that offices which are not Parent P&DCs will not reflect drive times in the matrix.
- The current standards are also contained in the previously submitted Service Standards CD-ROM (FY2002 Q1) provided in Response to DBP/USPS-54(a), which can then be compared to the drive times submitted in USPS-LR-1, OCA-12B-1.xls.

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DBP/USPS-142 Please refer to your response to DBP/USPS-137 subpart a.

- [a] What is the critical entry time at ADC Columbia?
- [b] If the response to subpart a is 21:50 or later, please explain why the mail from Miami FL 331 and arriving at the ADC at 21:50 will not receive 2-day delivery.
- [c] Please explain why the mail from P&DC Miami at 05:00 will not receive transportation on Delta flight 1539 departing at 06:50 [with the mail from South Florida P&DC].
- [d] Please explain why the mail from Miami P&DC arriving in Atlanta on Delta flight 2246 at 10:14 will not be able to be transported to Columbia on Delta flight 1006 departing Atlanta at 11:50 [with the mail from South Florida P&DC].
- [e] With only a 15-20 minute trip between the Columbia AMF/AMC and Columbia ADC, please provide a listing of the trips during the day and if there are any trips after 15:20 and before 21:50, please explain why the mail is not dispatched earlier than 21:50
- [f] Please explain the reasons why the Miami P&DC does not dispatch the Columbia ADC mail until 05:00 and what would be necessary to dispatch it earlier.

RESPONSE:

- (a) Based on the previously identified 2 & 3-Day Service Standard Model parameters outlined in DFC-LR-1, the 2-Day CET at ADC Columbia is NET 18:00, Day 1, and the 3-Day CET is 08:00, Day 2.
- (b) N/A
- (c) AMC Miami receives the mail at 05:00. The AMC requires a minimum of 1:00 hour to process the mail originating from the P&DC. There is a minimum of 00:20 minutes allowed for Air Contract Data Collection System (ACDCS) Close Out. The Postal Service is required to tender the mail to Delta Airlines in MIA a minimum of 01:00 hour prior to the flight departure. This means that the mail

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RESPONSE TO DBP/USPS-142 (continued):

might be ready, at the earliest, at 07:20. Delta flight 1539 departs at 06:50 (it is scheduled to move to 06:45 effective on 04/08/02), which is 30 minutes before the mail would be ready.

- (d) A Delta-to-Delta Intra-airline transfer at ATL is allotted a 2:00 hour transfer window at the Atlanta Airport between the hours of 10:01 and 24:00. This makes the mail ready at 12:14, which is 24 minutes after the departure of Delta flight-1006 at 11:50.
- (e)

Scheduled Transportation Between AMC CAE and ADC Columbia SC (as of 2/8/02)			
Departs AMC Columbia	Arrives ADC Columbia	Route	Trip #
0005	0025	290VS	0005
0130	0209	270BK	16
0210	0235	290VS	0215
0220	0240	290L2	1
0230	0245	28018	13
0315	0330	290AD	1
0410	0430	290BD	1
0500	0520	290HT	1
1200	1220	30014	1
1520	1540	290VS	1520
1550	1610	30014	3
1650	1715	290GE	3702
2135	2150	290VS	ND
2140	2200	29011	10
2240	2300	290VS	2240

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RESPONSE TO DBP/USPS-142 (continued):

Note in the above table that, after the preparation of the earlier response to DBP/USPS-137, new trips were added in January 2002 at 15:50 and 16:50 between Columbia AMC and ADC Columbia.

The mail in question is scheduled to arrive at 15:31 via DL-1707. The airline has a total of 1:30 hours to tender the mail to the AMC. The AMC is allowed a mere 15 more minutes to sort the mail to the final destination, which does not make the mail available until, at least, 17:16, if every target time is met. As per the above schedule, the next trip after 17:16 is the trip at 21:35. The mail arrives at ADC Columbia at 21:50, which is still 10:05 hours prior to the 08:00, Day-2, CET of 08:00.

- (f) Your statement is incorrect, as the response to DBP/USPS-137 [a] states, in part, "Trip 331VS1063 departs Miami at 04:45..." not 05:00. However, the trip does arrive at AMC MIA at 05:00.

The mail Clearance Time at Miami P&DC at 04:30. The next available trip to Miami AMC is 04:45, which is why that is the trip used. In order to dispatch it earlier, a trip would have to be scheduled between 04:30 and 04:45.

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DBP/USPS-143 Please refer to your response to DBP/USPS-137 subparts c and j.

[a] Please advise why there is insufficient data to make the determination.

[b] Are records kept of what mail is sent on what flight?

[c] Are there any employees who are able to provide an estimate of the percentage?

RESPONSE:

(a&b) Postal transportation data systems track the weight of mail which travels between two airstops, such as Miami to Atlanta, but it does not distinguish either the specific facility of origin (such as Miami, South FL, Ft. Lauderdale or West Palm Beach, all of which route mail through MIA at various times of the day) or the intended delivery day (2-Day vs. 3-Day) of the individual sacks or trays of mail.

(c) None who might be able to provide a reliable guesstimate has been identified.

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DBP/USPS-144 Please refer to your response to DBP/USPS-137 subparts b and l.

- [a] Please confirm, or explain if you are unable to do so, that by placing the scheduled delivery day of the week on the destination label it can also [in addition to the obvious reason for putting the day on the label] increase the likelihood to delay processing this mail during the normal workday and putting it off until a future time thereby achieving delivery on the scheduled date rather than delivering the mail a day earlier than scheduled.
- [b] Has any study been conducted to evaluate this phenomenon? If so, please provide a copy.
- [c] What is the policy at the Columbia ADC for processing the mail "ahead of time"?
- [d] What is the national policy?

RESPONSE:

- (a) The inclusion of the scheduled Day-of-Delivery on the label assists in the alignment of processing operations so that mail arriving from various sources, at various times of the day can be arranged in such a fashion as to properly sequence the processing of the mail in order to achieve the intended Service Standard. Without such identifiers, there would be occasions where, for instance, 3-Day mail would be processed and delivered ahead of 2-Day mail. While delivering 3-Day mail on the 2nd day (where possible and operationally feasibly) would "normally" be considered a positive result, this would not be the case if such non-sequential processing causes some 2-Day mail to miss delivery on the 2nd day. Therefore, mail is sequenced by scheduled delivery day in order to minimize these latter occurrences.
- (b) The Postal Service has not undertaken a study to determine whether the phenomenon alleged in this question even occurs.

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RESPONSE TO DBP/USPS-144 (continued):

(c&d) The following are the processing, dispatch, and delivery priorities at the national and local levels, based on the Dispatch and Routing Handbook (M-22), previously filed as part of USPS LR C2001-3/5:

- a. Express Mail.
- b. Priority Mail and First-Class (2-Day) Mail.
- c. First-Class 3-Day Mail.
- d. Newspaper treatment and other Periodical mail.
- e. Package Services Mail
- f. Standard mail.

While the above represents official processing priorities, it is also general practice that postal facilities may process 1-Day, 2-Day and 3-Day First-Class Mail concurrently at various times of the day. However, "advanced processing" should not be performed to the detriment of meeting an established "earlier" First-Class Mail Service Standard. See the response to subpart (a) above.

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DBP/USPS-145 Please refer to your response to DBP/USPS-137 subpart p.

- [a] Please explain why, since air transportation was in fact being used for mail to Columbia ADC from both Miami and South Florida P&DCs and since the South Florida P&DC mail was upgraded from 3-day to 2-day standard, why the mail from the Miami P&DC was not similarly upgraded.
- [b] Please explain why the potential for changing the mode of transportation at some time in the future is relevant to your response.

RESPONSE:

- (a) The parameters of the 2 & 3-Day Model have been previously explained in responses to earlier interrogatories. The 12 hour projected drive time was the determining factor between a 2-Day standard and a 3-Day standard. The specific drive time information between all Origin P&DCs and all Destinating ADCs has been previously provided in USPS-LR-1-OCA-12B-1.

South Florida P&DC 330 is an Origin P&DC dispatching mail to ADC Columbia SC 290. The projected drive time is 11:36; therefore, the pair was designated for a 2-Day standard. The projected drive time between Origin P&DC Miami FL 331 to ADC Columbia SC 290 is 12:06, making it a 3-Day standard under the 2 & 3-Day Model.

- (b) The word "potential" was used because, under the parameters of the 2 & 3-Day Model, should the mail in question be shifted from air to surface in the future, then the mail from South Florida can meet the planned latest acceptable Expected Time of Arrival (ETA) at ADC Columbia SC, while the mail from Miami would arrive too late. Please see the above response to subpart (a).

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DBP/USPS-146 Please refer to your response to DFC/USPS-GAN-62 subpart b. The response indicates that the mail from San Diego to SCF Eureka CA arrives at Eureka after traveling via SF P&DC at 03:00 on Day 2.

- (a) Confirm that the delivery standard for mail from San Diego to Eureka SCF is two days.
- (b) Confirm that the 3 AM scheduled arrival time at Eureka is later than the normal Nationwide CET for 2-day mail.
- (c) Explain why it is possible to utilize a later CET at the Eureka P&DC for mail arriving from San Diego.
- (d) Please advise the arrival time at the Eureka P&DC of the overnight mail from the Redding CA P&DC.
- (e) Please advise the arrival time at the Eureka P&DC for 2-day mail arriving from each of the other P&DC that have 2-day service for mail destinating at Eureka [Reno NV and all of the California P&DC facilities other than San Diego - provided in DFC/USPS-GAN-62 - Redding - to be provided in response to subpart d - and Eureka - does not send mail to itself]. If the mail from more than one P&DC arrives in the same truck, so indicate.

RESPONSE:

- (a) Confirmed.
- (b) This cannot be confirmed, as there is no such thing as a "Nationwide CET for 2-day mail" at the SCF level...only at the ADC level. Each individual SCF has its own locally determined Incoming CET, based on the size of the SCF and other local operating parameters.
- (c) Eureka CA 955 is not a "P&DC", nor a P&DF. It is a Customer Services Facility (CSF). Please see the above response to subpart (b), as there is no "later CET" at Eureka.
- (d) 02:40.

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RESPONSE to DBP/USPS-146 continued

- (e) ADC Peninsula CA 941 is the Parent Destinating ADC that is responsible for working 2-Day ADC mail down to the SCF level, including that for SCF Eureka. For this reason, all the 2-Day destinating mail that is processed by the ADC should travel via the North Bay and San Francisco P&DC route cited in the earlier reply. Therefore, the Dispatch of Value (DOV) of 2-Day SCF mail coming from the ADC should be arriving on the same trip at Eureka @ 03:00.

It is appropriate to note here that in a prior interrogatory, DFC/USPS-GAN-58(g), the following question was asked:

Please discuss the extent to which the San Diego P&DC likely labels First-Class Mail destined to SCF's in ADC Sierra CA and ADC Peninsula CA to the SCF level, not the ADC level. For example, would mail destined to SCF Sacramento CA be labeled to SCF Sacramento CA, not ADC Sierra CA? Similarly, would mail destined to SCF North Bay CA be labeled to SCF North Bay CA, not ADC Peninsula CA?"

The response was as follows:

At a minimum, Pacific Area Plants sort Originating First-Class mails to the SCF level for all Pacific Area SCF destinations. Consequently, the labeling of Intra-Pacific Area First-Class Mail is to the SCF level, not the ADC level.

Since, as previously explained, all Pacific Area Plants sort Originating First-Class mails to the SCF level for all Pacific Area SCF destinations, this means that it is the intention for Intra-Area Plants, such as the San Diego-to-North Bay pair you are inquiring about, to provide a deeper depth of sort in order to bypass the ADC level.

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DBP/USPS-149 Lines 12-16 of Page 13 of the Testimony state that establishment of service standards is a dynamic undertaking and that there was a moratorium on requests from the field for adjustments in First-Class Mail service standards. Lines 16-17 indicate that the moratorium has been lifted.

[a] What date was the moratorium lifted?

[b] Please provide a copy any notices that were sent to the field advising either that the moratorium was lifted and/or the procedures to be followed in requesting adjustments.

[c] Please provide a listing of all requests for adjustments in First-Class Mail service standards that have been received from the field since the lifting of the moratorium. This listing should include, as a minimum, the date of the request, the adjustment desired, the justification for the adjustment, the action taken by headquarters, and the date of implementation, if any.

[d] Please provide copies of all requests and related correspondence received since the lifting of the moratorium.

RESPONSE:

In large measure, the Postal Service finds this interrogatory objectionable as requesting information that is immaterial and irrelevant to the core issues in this proceeding. Nevertheless, the Postal Service will respond as indicated below. As has been its custom with this intervenor in this proceeding, the Postal Service elected to waive its objection to DBP/USPS-149, based upon the hope, apparently vain, that DBP/USPS-149 represented a limited incursion into immaterial matters. That hope has been dashed by the filing of interrogatories DFC/USPS-150-156 today. Accordingly, notwithstanding the provision of the responsive materials below, the Postal Service reserves the right to object to the interrogatories filed today that veer even further away from the substance of this proceeding.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
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RESPONSE to DBP/USPS-149 (continued)

- (a) The moratorium on Service Standard change requests was orally communicated to the Area offices. Its purpose was to allow the 2 & 3-Day Service Standard Realignment Model to be fully implemented before any adjustments were made. We began considering requests for Service Standard changes as of May 19, 2001.

- (b) There was no formal written notice sent out to remind Area offices that the moratorium was being lifted on or about May 19, 2001, or at any subsequent time. The relevant procedures are outlined in documents referenced in the response to DFC/USPS-T1-24.

- (c) Shown below is a chart which reflects the formal requests for FCM Service Standard Changes that have been submitted since May 19, 2001:

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
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**Listing of Requests for Adjustments in FCM Service Standards
since May 19, 2001 in Response to PRC Interrogatory DBP/USPS-149-C**

#	Request Date	Adjustment Desired	Proposed Justification	Action Taken by Headquarters	Implementation Date, If Any
1	4/26/2002	Upgrade all Reno-Las Vegas NV pairs to become 2-Days (reciprocally). A total of 40 3-Digit Pairs.	Maintained that they had previously requested such a change, and that the pairs had been downgraded "by error" in FY-01 Realignment.	Approved	5/18/2002
2	6/27/2002	(A) Downgrade Originating 2-Day standard from Suburban MD 208-209 to Indianapolis IN 460-469, 471-479 (B) Change the Destinating Service Standards for Gary IN (with 78 Destinating Downgrades to 3-Day and 92 Destinating Upgrades to 2-Day)	(A) Inadequate 2-Day Volume to warrant surface transportation and that the other Capital Metro Plants are 3-Day to Indianapolis. (B) Change the Service Standards into Gary IN because it was reassigned from ADC Indianapolis IN into ADC Chicago IL.	(A) Not Approved (B) Approved	(A) N/A (B) 9/7/2002
3	6/28/2002	Requested Adjustments to the Originating standards for Missoula MT 598 and Kalispell MT 599, involving 14 Upgrades and 12 Downgrades	Both cities were excluded as "Outliers" from Originating Service Standard changes made in the 2 & 3-Day FCM Realignment Model. Changes needed due to transportation constraints.	Approved	9/7/2002
	1/6/2002	Downgrade Grand Rapids MI and Traverse City MI, reciprocally, from 1-Day to 2-Days	Distance between cities and Drive Time involved is too great.	Denied	N/A
5	11/25/2002	Downgrade the Originating 2-Day Standards from Las Vegas NV to Albuquerque MN and from Las Vegas NV to Fresno CA to a 3-Day Standard.	Poor Performance Scores in EXFC	Denied	N/A
6	3/5/2003	Downgrade from 2-Days to 3-Days the following: NY Metro Area to ADC Columbus OH NY Metro Area to ADC Greensboro NC NY Metro Area to ADC Raleigh NY NY Metro Area to ADC Roanoke VA	3-Day Exceptions were granted to the same offices as Origins into the NY Area as a Destination, and they desired the standards to be reciprocal.	Denied	N/A
7	3/6/2003	(A) Downgrade Grand Rapids MI and Traverse City MI, reciprocally, from 1-Day to 2-Days (B) Upgrade Traverse City MI to Gaylord MI from 2-Day to Overnight	Distance between cities and Drive Time involved is too great. Downgrade approval linked to Upgrade offer.	(A) Denied (B) Denied	N/A
8	5/29/2003	Downgrade the Origin of Mogan Station NY to ADC Columbus OH from 2-Day to 3-Day	Morgan P&DC clears their Originating Mail too late to make the 2-Day connection to ADC Columbus OH	Denied	N/A

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GANNON
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RESPONSE TO DBP/USPS-149 (continued)

(d) The responsive documents will be filed in USPS Library Reference C2001-3/17 on April 6, 2004.

RESPONSE OF UNITED STATES POSTAL SERVICE
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DFC/USPS-2.

Please refer to paragraph 15 of the Declaration of Charles M. Gannon. Please provide all documents that support Mr. Gannon's assertion that "commercial air transportation service" was "more erratic and less reliable than historically had been the case, with a more significant impact on 2-Day mail." This interrogatory specifically includes documents that describe commercial air transportation service for two-day mail between cities in the western states.

RESPONSE:

Mr. Gannon stated that it became apparent to the Postal Service's transportation managers that commercial air transportation service was more erratic and less reliable than historically had been the case. This was the consensus opinion gleaned from national meetings, telephone conferences, and the visits that Mr. Rapp, Mr. Harris, Mr. Gannon and the Service Standard Review Team made to each Area to discuss the 2 & 3-Day Model and the completion of Phase 2. See also the response to DBP/USPS-24(e) and USPS LR C2001-3/2. There are no documents specific to western states.

The mere fact that there are 24 fewer hours available to transport, process and deliver 2-Day mail vs. 3-Day mail means that any delay on 2-Day mail will have a more significant impact on the Postal Service's ability to deliver an item within the assigned Service Standard vs. a corresponding delay to a 3-Day mail item (when both are deposited at the same time).

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-3.

Please refer to the response to DBP/USPS-10(b). Please provide a list of all temporary exceptions, and please identify all ZIP Code pairs that were allowed to remain three days and the reasons therefor.

RESPONSE:

The list of the approved temporary exceptions is included as USPS LR C2001-3/4, file DFC-USPS-3.xls. Senior management in some of the Areas requested the temporary exceptions. It was their opinion that the amount of overall increases that their respective Areas would have to absorb as a result of the output of the 2 & 3-Day Model would adversely impact their ability to provide a consistent level of service in the short term. Since more consistent service was one of the primary intended outcomes of the 2 & 3-Day Phase 2 realignment finalization, Headquarters concurred and reach an agreement with each of the requesting Areas as to which pairs would receive temporary relief from the modeled 2-Day status.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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DFC/USPS-4. Please refer to the response to DBP/USPS-10(c).

- (a) Please provide a list of all voluntary upgrade exemptions that were requested, whether granted or not, including the reasons therefor. Please include all documents relating to these requests for voluntary upgrade exemptions.
- (b) Please identify all ZIP Code pairs that were allowed to remain two days and the reasons therefor.

RESPONSE:

- (a) The list of all voluntary upgrade exemptions was provided as USPS LR C2001-3/4, file DFC-USPS-4.xls. There were no Voluntary Upgrade requests that were not approved. All Voluntary Upgrade request transactions were conducted via telephone; accordingly, there are no related documents.
- (b) The wording of the response to DBP/USPS-10(c) suffers from some imprecision. While there were pairs that were modeled for 3-Days that were allowed to voluntarily upgrade to 2-Days, there were not any pairs that were already 2-Days, modeled for 3-Days, that were requested to stay 2-Days. In hindsight, the wording of that portion of the USPS response to DBP/USPS-10 (c) should have read along the lines of :

However, some Voluntary Upgrade Exceptions were granted, based on requests from Senior Management in our Area offices.”

For this reason, there are no pairs that meet the stated criteria.

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DFC/USPS-5.

Please refer to the response to DBP/USPS-11. Please provide a list of the 124 Customer Service Facilities.

RESPONSE:

The list of the 124 Customer Service Facilities in the contiguous 48 (plus, 4 offshore CSFs) was provided in USPS LR C2001-3/1, as file OCA-12B-2.xls.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-6.

Please provide copies of all inquiries that the Postal Service has received from Congress in 2000 and 2001 concerning changes in First-Class Mail service standards. Please include the Postal Service's response to each congressional inquiry.

RESPONSE:

The USPS Headquarters Government Relations Department is reviewing its files to determine whether there are any records other than a recent letter from Congressman Burton to the Postal Service (prompted by a letter from the Complainant in this proceeding) and the Postal Service's response. Any such responsive records will be filed in a Library Reference.

RESPONSE OF UNITED STATES POSTAL SERVICE
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DFC/USPS-7.

Please provide copies of all correspondence that the Postal Service has received from customers in 2000 and 2001 concerning changes in First-Class Mail service standards.

RESPONSE:

The Postal Service is searching the files of the office of its Consumer Advocate at Headquarters, as well the files of Mr. Gannon's office. It is assumed that this request is for copies of all correspondence received by persons who or entities that are not intervenors in this proceeding.

It is the policy of the Postal Service not to publicly disclose copies of correspondence if such disclosure could result in an unwarranted invasion of the personal privacy of individuals. Ordinarily, for instance, the Postal Service does not publicly disclose the names and addresses of customers without their consent.

If responsive records are identified, they will be compiled and the proponent of this interrogatory will be contacted for the purpose of initiating discussions regarding *appropriate protective conditions to govern intervenor access to such records.*

RESPONSE OF UNITED STATES POSTAL SERVICE
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DFC/USPS-8.

Please refer to the response to OCA/USPS-10. Please provide the EXFC on-time score for the three-digit ZIP Code pairs whose service standard was changed in 2000 or 2001 from two days to three days. For these three-digit ZIP Code pairs, please provide the EXFC on-time score for a comparable time period in the two years immediately prior to the implementation of the new service standards.

RESPONSE:

Based on PQ 4 results only, the EXFC scores for the pairs that moved from two days to three days were as follows:

PQ 4, FY-99 = 78.44

PQ 4, FY-00 = 78.59

PQ 4, FY-01 = 88.18

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS CARLSON**

DFC/USPS-12. Please refer to the response to DFC/USPS-GAN-17. Please also refer to the document titled "Opposition of the United States Postal Service to Douglas Carlson Motion to Compel Response to DFC/USPS-1" (filed November 14, 2001) at page 11, where the document states, "In Docket No. N89-1, destinations beyond the reasonable reach of surface transportation from a particular origin were deemed to be candidates for a 2-day service standard (based on operational and transportation feasibility and customer needs) if they received more than 0.5 percent of an originating facility's outgoing volume."

- a. Please confirm the truth and accuracy of the statement quoted in this interrogatory.
- b. During and after Docket No. N89-1, please explain the extent to which the Postal Service has used volume as a consideration in determining whether the First-Class Mail service standards between particular ZIP Code pairs would be two days or three days. In your response, please explain whether a high volume tended to increase or decrease the probability that a particular service standard would be two days instead of three days.

RESPONSE:

The quoted passage characterizes the cited testimony from Docket No. N89-1. The cited testimony was attested to by the witness.

The Postal Service is unable to locate any supporting documentation from the initial implementation of Docket No. N89-1 which would confirm, or not confirm the degree to which the referenced threshold was ever specifically applied when adjustments were made to the standards in the early 1990s.

The testimony indicated that, at that time, the idea was to consider pairs over the threshold as candidates for a 2-Day standard and to also take into consideration whether timely and dependable air transportation was available.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS CARLSON**

RESPONSE TO DFC/USPS-12 (continued):

If the volume profiles developed during the FY-00/01 2 & 3-Day Model are any indication, it appears that there were many pairs over the threshold which were not assigned 2-Day standards in the early 1990s during the initial implementation of Phase 2 of the realignment plan. Whether this was because it was determined that there was no dependable air transportation available to support a 2-Day standard, or whether the Postal Service subsequently decided that that threshold was logistically unsupportable, and generally unworkable, is unknown. During the FY-00/01 2 & 3-Day changes at issue in this case, volume was not a determining factor, as the Postal Service modified its operating parameters and significantly expanded its surface capabilities in order to reach substantially more destinations, and delivery points, within 2-Days. The objective in the finalization of Phase 2 was having 2-Day standards which could reasonably be reached in a consistent and timely fashion, without specific regard to paired city volumes. Of course, the general lack of dependable air transportation was a central impetus for the final changes made during FY-00/01.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS CARLSON

DFC/USPS-13. Please refer to the response to DBP/USPS-85(o). For mail originating in or destined to the California cities of San Francisco, Oakland, and San Jose, please identify all instances of changes in First-Class Mail service standards implemented in 2000 or 2001 in which the affected mail was transported by air before the changes were implemented and in which the affected mail continues to be transported by air after the changes were implemented.

RESPONSE:

Assuming that this question refers to 2-day mail, as did the referenced response to interrogatory DBP/USPS-85 (o), then it is almost always the case that such mail is now transported by surface. There are no *planned* instances of 2-day mail traveling by Air prior to the 2000/2001 changes that are now traveling by air to/from the cities of San Francisco, Oakland, and San Jose. The 2-day standards for the cities in question are mainly intra-California pairs, which are all scheduled to be reached by surface transportation.

Unfortunately, due to the reasons outlined in our supplemental response to DBP/USPS-17b, we do not have the ability, at this time, to distinguish whether or not mail being flown between airstops is 2-day or 3-day mail, nor can we currently identify the specific postal facility which generated the volume emanating from a particular airstop. Therefore, since it is *possible* that, due to operational or logistical failures, some mail *could*, on very rare occasions, be flown between California cities, we cannot state with absolute conclusiveness that such mail has *never* been flown since the 2000/2001 changes. All we can state is that, if it did, such instances would be unplanned and infrequent.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS CARLSON**

DFC/USPS-15. Please refer to the response to DFC/USPS-13. Interrogatory DFC/USPS-13 was not restricted to mail for which the service standard still is two days. Therefore, for mail originating in or destined to the California cities of San Francisco, Oakland, and San Jose, please identify all instances of changes in First-Class Mail service standards from two days to three days that were implemented in 2000 or 2001 in which the affected mail was transported by air before the changes in service standards were implemented and in which the affected mail continues to be transported by air subsequent to implementation of the changes in service standards.

RESPONSE

DFC/USPS-13 specifically referred to DBP/USPS-85(o), which pertained to a particular 2-day service standard scenario. Accordingly, DFC/USPS-13 was interpreted as referring to 2-day mail. In any event, as indicated in the second portion of the response to DFC/USPS-13, the Postal Service does not have a systematic way of distinguishing whether mail being flown between air stops is 2-day or 3-day mail, or for identifying the specific postal facility of entry for volume emanating from a particular air stop. *See also, the supplemental response to DBP/USPS-17b.*

In other words, the Postal Service has never had a systematic method for providing the requested information -- either for today's operations, or for historical review/comparison purposes.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DOUGLAS CARLSON**

RESPONSE to DFC/USPS-15 continued

It would be possible for the Postal Service on a random day to examine random mail pieces in random air containers at selected air stops to determine the apparent origins/destinations of those pieces and the applicable service standards. Putting aside the issue of whether such contemporary data could be deemed representative of mailflows at that air stop, there still are no similar data from before the service standard changes at issue in this proceeding were made, and therefore, no basis for even the most superficial before-and-after comparison.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DOUGLAS CARLSON

DFC/USPS-16

Please refer to the response to DFC/USPS-13 and 15. For mail originating in or destined to the California cities of San Francisco, Oakland, or San Jose, please identify all instances of changes in First-Class Mail service standards from two days to three days that were implemented on 2000 or 2001 in which the affected mail was *planned or scheduled* to be transported by air before the changes in service standards were implemented and in which the affected mail continues to be *planned or scheduled* to be transported by air subsequent to implementation of the changes in service standards. (Note: The terms "planned" and "scheduled" have the same meaning as they do in the paragraph of the Postal Service's response to DFC/USPS-13.)

RESPONSE:

As indicated in our earlier response to DFC/USPS-13, and as of today, no such mail is *scheduled or planned* to be transported by air. However, such a possibility is not foreclosed in the future, as the Postal Service routinely reviews and re-evaluates its transportation network.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-3.

- (a) Please discuss the ways in which the needs of customers affected any of the decisions that you made that led to the implementation in 2000 and 2001 of changes in First-Class Mail service standards from two days to three days.
- (b) If you considered the needs of customers, please provide all documents that reflect your consideration of the needs of customers.
- (c) If you considered the needs of customers, please specifically identify and describe all data and other indicators that reflect the needs of customers or that serve as proxies for measuring the needs of customers.

RESPONSE:

- (a) It is the view of the Postal Service that the needs of postal customers are served by reliable, consistent, timely and predictable mail service. As previously discussed in response to DFC/USPS-CMG-1, the EXFC scores for 2 & 3-Day mail since the changes implemented in the initial portion of Phase 2 in the early 90s, did not result in the type of incremental improvements that were recognized by the changes that were made to Overnight mail as a result of Phase 1. It was the goal of providing more consistent service that motivated the decisions made in implementing both Phase 1 and Phase 2 of the realignment plan, however belated the completion of Phase 2.
- (b) *The finalization of Phase 2 was driven by the same objectives as motivated Phase 1, the determination to improve consistency in First-Class Mail delivery, as described in the Docket No. N89-1 record, particularly the testimony of witness Lazerowitz (USPS-T-1). See also, DFC-LR-1, the pages in the PowerPoint presentation captioned "Requirements" and "Assessment Made by Team."*

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

RESPONSE to DFC/USPS-GAN-3 (continued):

- (c) Aside from the information described above, the Postal Service did not rely on any other indicators of customer need in finalizing Phase 2.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-7

Do you believe that the Postal Service is meeting the needs of customers in every instance in which it changed a First-Class Mail service standard from two days to three days in 2000 and 2001? If yes, please explain the basis on which you make this assertion and provide all supporting documentation.

RESPONSE:

In changing service standards, the Postal Service has made a reasonable effort to meet the needs of customers, as indicated in response to DFC/USPS-GAN-3. The Postal Service would never claim to have satisfied the needs of all of its customers all of the time. Every day, the Postal Service must make operational and policy decisions that some customers will see as beneficial and some will see as unsatisfactory. Customer perspectives are largely influenced by the direct impact that a particular operational or policy change has on them personally, irrespective of the impact on others or the overall impact of the change on the postal system as a whole. The mailing public is as diverse a customer base as there is. Some customers are more sensitive to changes in postal service than others. The Postal Service does not expect that every customer will be satisfied with the service standard changes at issue in this proceeding.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-8.

Is surface transportation always more expeditious than air transportation? If yes, please explain.

RESPONSE:

No.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-9.

Is air transportation sometimes more expeditious than surface transportation? If not, please explain.

RESPONSE:

Yes.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-10.

For some of the three-digit ZIP Code pairs for which the Postal Service changed the First-Class Mail service standard from two days to three days in 2000 and 2001, please confirm that the Postal Service shifted the mail from air transportation to surface transportation. If you do not confirm, please explain.

RESPONSE:

Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-11

For some of the three-digit ZIP Code pairs for which the Postal Service changed the First-Class Mail service standard from two days to three days in 2000 and 2001, please confirm that the use of air transportation would make two-day delivery possible if the Postal Service elected to use air transportation and otherwise desired to restore a two-day service standard. If you do not confirm, please explain.

RESPONSE:

Confirmed, it one assumes away (a) the general decline in commercial air service experienced by the Postal Service that affected its ability to make 2-day commitments in the first place, (b) the current contraction of the commercial airline industry on which the Postal Service would depend (fewer airlines, fewer flights), and (c) the nature and duration of any post-September 11th emergency restrictions that might affect the utilization of that commercial air service.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-12.

Please refer to paragraph 15 of the Declaration of Charles M. Gannon. Please describe the extent to which the quality of commercial air transportation service was creating problems for the transportation and delivery of two-day First-Class Mail between cities in the western states.

RESPONSE:

During the period of time that the 2 & 3-Day Realignment Model was being proffered by Messrs. Rapp, Harris, Gannon and other members of the 2&3 Day Team to senior management in each postal administrative Area (including the managers responsible for western states), the quality of commercial air transportation was the primary factor cited by Area transportation management which resulted in a negative impact on their ability to provide consistent and timely 2-Day service.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-13

When shortcomings in commercial air transportation service delay two-day First-Class Mail, please state the number of days that these shortcomings typically cause this mail to be delayed. Please provide all documents that support your response.

RESPONSE:

The Postal Service has no system for empirically measuring the duration of delays to 2-Day mail that are specifically caused by air transportation.

An August 2001 Office of the Inspector General audit report regarding delayed mail in a major airport is been filed as USPS LR C2001-3/8. It is accompanied by a videotape. The situation which is the subject of this audit report is not necessarily representative of the Postal Service's experience with commercial air transportation service (with the airline in question or the commercial passenger airline industry as a whole) during the implementation of the service standard changes at issues in this proceeding. However, it represents an experience that, to many postal transportation managers, was all too common during that period and, judging by the timing of the audit report, is not sufficiently "historical" to suggest that vigilance be relaxed.

When combined with the indicators of commercial air transportation service quality reported in USPS LR C2001-3/2, the audit report illustrates why transportation managers can be inclined to prefer relying on surface transportation in some cases, even when air commercial air service might appear to be available to meet applicable service standards.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-20.

Please list all instances in which the Postal Service retained the use of air transportation to transport two-day First-Class Mail in lieu of changing the service standard to three days and shifting the mail to surface transportation. For each instance, please explain the reasons why air transportation and a two-day delivery standard were retained, and please provide documents explaining the process by which you or the Postal Service arrived at this decision.

RESPONSE:

The availability of air transportation did not influence any determination to retain 2-day service standards for particular origin-destination pairs in developing the model. Two-day service standards between origin-destination pairs were established (or, in most instances, simply maintained) because the origin and destination were within reasonable reach of available surface transportation. Putting aside the aftermath of September 11th and recent responses to terrorism, before and after the service standard changes were implemented, the determination to use air (as opposed to surface transportation) for 2-day mail, usually reflects a determination that, because of the relatively low volume involved, available air transportation would be less costly than surface transportation.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-22.

Please provide a list of all ADC's and the three-digit ZIP Codes that they serve.

RESPONSE:

Please see the GOEZINTA list, USPS LR C2OOI-3/I, file OCA-12B-2. This file identifies the assignment of every valid ZIP Code in the network to a respective ADC .

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-23.

Please discuss the extent to which the Postal Service considers the service provided by dedicated air transportation to be insufficient to provide an acceptable level of two-day First-Class Mail service.

RESPONSE:

In theory, neither commercial air service nor dedicated air transportation is insufficient to provide an acceptable level of two-day First-Class Mail service. In practice, commercial air service has had its shortcomings. And it should not be forgotten that the perceived shortcomings in a previous national dedicated national air service contract led the Postal Service in the direction contracting with Fed Ex. Just to cover all bases, it also should be noted that surface transportation is not perfect either, except also in theory. The challenge is to try to determine what mix of modes can get the job done in a constantly changing transportation service environment.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-25.

For any situation in which problems with transportation provided by commercial passenger airlines existed, are you aware of actual improvements in delivery service, including EXFC scores, that occurred after the Postal Service switched to a method of transportation that the Postal Service considers more reliable than the transportation provided by commercial passenger airlines? If yes, please provide specific information on each situation. This interrogatory concerns only situations in which the service standard was the same before and after the transportation changes.

RESPONSE:

See the response to DFC/USPS-24(b).

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REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-26.

Please provide all facts and information indicating that a three-day service standard for mail between adjacent SCF's does or does not meet the needs of postal customers.

RESPONSE:

Please see the responses to DFC/USPS-GAN-3 and 7.

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REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-27.

Please explain the extent to which the Postal Service's new contract with FedEx to transport First-Class Mail affected your decisions to shift mail from air transportation to surface transportation with an accompanying change in the service standard from two days to three days.

RESPONSE:

The current FedEx transportation contract was not implemented until the end of August, 2001, several months after the final Phase 2 changes were implemented on May 19, 2001. The contract played no part in any decisions regarding the 2 & 3-Day Model. Whether it was going to be successfully negotiated and implemented could not be known at the time that the Service Standards team was conducting its work.

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TO INTERROGATORIES OF DOUGLAS CARLSON
REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-28.

Please explain whether the Postal Service's new contract with FedEx to transport First-Class Mail might or would provide air transportation with sufficient consistency to allow the Postal Service, if it so desired, to restore two-day service standards between some cities and achieve two-day delivery at or above a minimum desired level of consistency.

RESPONSE:

Please see the response to DFC/USPS-CMG-1.

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REDIRECTED FROM CHARLES GANNON

DFC/USPS-GAN-31.

- (a) Are commercial passenger airlines currently transporting First-Class flats? If not, please describe the transportation arrangements for First-Class flats that, after September 11, 2001, are not being transported on commercial passenger airlines.

- (b) Are commercial passenger airlines currently transporting First-Class SPR's? If not, please describe the transportation arrangements for First-Class SPR's that, after September 11, 2001, are not being transported on commercial passenger airlines.

RESPONSE:

(a&b) Any current emergency commercial air transportation arrangements have no bearing on the question of whether the service standard changes at issue in this proceeding were implemented in a manner consistent with 3661 or whether those changes result in the provision of service consistent with the policies of the Act, within the meaning of 3662. The service standard changes at issue in this proceeding also do not distinguish among First-Class Mail pieces on the basis of shape. The occurrence, recurrence or duration of any such emergency measures cannot presently be predicted.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-32. Please refer to your response to DFC/USPS-CMG-1.

- a. Please describe the “current emergency measures in mail processing and transportation implemented in response to the events of September 11, 2001, and the subsequent use of the mail to commit acts of biological terrorism” that “are likely to result in at least a temporary dip in EXFC scores[.]”
- b. Please explain the extent to which the measures described in part (a) are limited to certain parts of the country.
- c. Please identify all the periods (e.g., postal quarters) for which EXFC scores have been computed that you believe were affected by the events described in your response to DFC/USPS-CMG-1.
- d. Do EXFC score data confirm your expectation of a “temporary dip in EXFC scores”? Please explain.

RESPONSE:

- (a) In the wake of September 11th, in response to contraction of the commercial airline industry and restrictions on air carriage of mail matter, the Postal Service has had to utilize a different mix of transportation modes than could have been anticipated on September 10th. Putting aside the usual December holiday mailing rush and any arrangements that are being made to accommodate it, there is less reliance on air transportation for First-Class Mail than before. In addition, various mail processing and delivery facilities have been closed (most for relatively brief periods) at least temporarily in response to concerns about anthrax contamination. Until a point is reached when the Postal Service is conducting operations in a manner unaffected by extraordinary security

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DOUGLAS CARLSON

RESPONSE to DFC/USPS-GAN-32 (continued):

measures and unanticipated limitations in the availability of commercial air transportation (or otherwise devises means of compensating for these phenomena), the Postal Service will not consider that things are “normal,” or pre-September 11th.

- (b) Even if measures can be considered geographically limited (such as the closing of the Brentwood facility in Washington, DC), the impact of such measures has a reach that is reflected in the degree to which mail that ordinarily flows through the area is geographically diverse in origin and destination. Overnight mail in areas not directly affected by anthrax-related disruptions have probably been least affected. The same could be said of mail that would not fly under any circumstances.

- (c) If one could isolate the impact of the aftermath of the events of September 11th from all concurrent influences on EXFC scores, one would expect to see an adverse effect on EXFC scores in any period of measurement that included September 11th and any subsequent period during which one could also isolate and measure whether responsive corrective measures or the holiday rush or other phenomena were having any impact.

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INTERROGATORIES OF DOUGLAS CARLSON

RESPONSE to DFC/USPS–GAN-32 (continued)

- (d) On the assumption that the factors described above in subpart (a) have tended to adversely affect the delivery of some mail, all else equal, one would expect EXFC scores for measurement periods including and subsequent to September 11th to be lower than they would be if pre-September 11th conditions still prevailed.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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DFC/USPS-GAN-33. Please refer to your response to DFC/USPS-CMG-1, where you stated that “the Postal Service decided to initiate a review to determine whether the new FedEx arrangement might create any significant opportunities to shift 2-day and 3-day First-Class Mail from surface to air transportation.” Please explain whether this shift would have caused any service standards to change. If so, might these changes have deviated from the current model that focuses on the projected drive time?

RESPONSE:

Before September 11th, the possibilities described in the question were contemplated as potential outcomes. It was never determined whether those possibilities were feasible, since the review has not been conducted and has been indefinitely postponed. Moreover, the landscape has changed since September 11th.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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DFC/USPS-GAN-37. Please refer to your response to DFC/USPS-GAN-4(b) & (c). Please confirm that another result of the "Phase 2 finalization process" is a net decline in the volume of First-Class Mail targeted for two-day delivery and a net increase in the volume of First-Class Mail targeted for three-day delivery. If you do not confirm, please explain.

RESPONSE:

While the Postal Service now targets more ZIP Codes pairs and more Delivery Points across the nation for 2-Day delivery as a result of the FY-00/01 Service Standard changes, it can be confirmed that the resulting sheer volume totals shifted as described.

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DFC/USPS-GAN-38. Please refer to your response to DFC/USPS-GAN-5.

- (a) Please confirm that the service standard for First-Class letters, flats, and SPR's from Cedar Rapids, Iowa, to Madison, Wisconsin, is two days. If you do not confirm, please explain.
- (b) Please confirm that the transportation arrangement that you provided in your example in response to DFC/USPS-GAN-5 existed prior to the changes in service standards that the Postal Service implemented in 2000 and 2001. If you do not confirm, please explain.
- (c) Please confirm that the changes in service standards that the Postal Service implemented in 2000 and 2001 did not prompt a change in the transportation of mail between Cedar Rapids and Madison.
- (d) Do you consider First-Class flats to be important letter mail for the purposes of 39 U.S.C. § 101(e)? Please explain your answer.
- (e) Please confirm that, under current Postal Service policy or practice, the First-Class Mail service standard for every ZIP Code pair must be the same for letters, flats, and SPR's. If you do not confirm, please explain.

RESPONSE:

- (a-c) Confirmed.
- (d,e) Undoubtedly, some First-Class Mail flats consist of letters considered important by either the sender or the recipient. In terms of service standards, the Postal Service regards all First-Class Mail letters as equally important, notwithstanding the physical differences between letter-shaped and flat-shaped pieces that result in different processing. Accordingly, First-Class Mail service standards do not distinguish between letters, flats or SPRs. The question of whether First Class Mail flats consist of "important letter mail" within the meaning of 39 U.S.C. 101(e) calls for a legal conclusion, not a factual response.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DOUGLAS CARLSON

DFC/USPS-GAN-39. Please refer to your response to DFC/USPS-GAN-14.

- (a) Please confirm that, prior to the changes in service standards that the Postal Service implemented in 2000 and 2001,
 - (1) the First-Class Mail service standards between some ZIP Code pairs were changed from two days to three days.
 - (2) some of the mail affected by these changes was shifted from air transportation to surface transportation, and
 - (3) the air transportation that the Postal Service formerly used to transport this mail was deemed inadequate or otherwise undesirable. If you do not confirm, please explain.
- (b) For mail fitting the description in part (a), please confirm that senior management of the Postal Service was not presented with the option of using dedicated air transportation to maintain two-day delivery for some or all of this mail. If you do not confirm, please explain and provide documents related to the presentation of this option to senior management.
- (c) Please identify, as a percentage of transportation costs for First-Class Mail, the increase in total transportation costs for First-Class Mail that would have resulted if the Postal Service had used dedicated air transportation to maintain two-day delivery for some or all of the First-Class Mail whose service standard was changed to three days in 2000 and 2001.
- (d) Please identify the person at the highest level of management who approved the decision not to use dedicated air transportation to maintain two-day delivery of First-Class Mail in lieu of changing some service standards to three days.

RESPONSE:

- (a) Assuming the question refers to the period after Docket No. N89-1 and relates to changes outside the scope of those at issue in this proceeding, confirmed.

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RESPONSE to DFC/USPS-GAN-39 (continued):

- (b) As implied by the response to DFC/USPS-GAN-24, senior management was well aware of the availability of dedicated air transportation or there would not have been such a network to the 16 cities identified therein. However, as previously stated in response to DFC/USPS-GAN-14 (a&b), the 2 & 3-Day Team did not propose that specific option to senior management.
- (c) No analysis has been performed for the purpose of determining what dedicated air service could be contracted for some or all of the shifted origin-destination pairs service or what such service might cost or how that cost might compare to some other figure. See the response to DFC/USPS-33.
- (d) As explained earlier in response to DFC/USPS-14(a&b), the Service Standards Team did not present a “dedicated air: yes or no?” recommendation to senior management. Please also see paragraphs 13,14 and 24 of the July 30, 2001, Gannon Declaration.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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DFC/USPS-GAN-40. Please refer to your response to DFC/USPS-GAN-19.

- (a) Please explain the transportation arrangements for First-Class Mail destined to ADC San Diego CA from North Bay CA P&DC, San Francisco CA P&DC, Oakland CA P&DC, San Jose CA P&DC, and Salinas P&DF. This interrogatory specifically seeks, but is not limited to, information that will determine whether mail from some of these facilities travels on the same truck or trucks.
- (b) Please refer to USPS-LR-C2001-3/1, file OCA-12B-2. The entry for ADC Sierra CA shows a 5-digit ADC location of 95101, or San Jose CA. Does this entry mean that the San Jose P&DC processes First-Class Mail labeled to ADC Sierra CA? If not, please explain. If yes, was ADC Sierra CA mail previously processed at the San Francisco P&DC?
- (c) Please refer to USPS-LR-C2001-3/1, file OCA-12B-2. Does the entry for 5-digit ADC location indicate the location of the P&DC that processes incoming First-Class Mail labeled to that ADC?

RESPONSE:

- (a) Response forthcoming.
- (b) The State of California has the only four pseudo, or virtual, ADCs in the overall destinating network: ADC Sierra CA, ADC Peninsula CA, ADC Sequoia CA and ADC Twin Valley CA. These are pseudo-ADCs because they are actually “schemes” to which Origins sort their mail, rather than actual physical plants. The Pacific Area then decides which of the assigned subordinate SCFs, based on local conditions, they want to handle the mail at the ADC operation. As these were the only four in the country, the Pacific Area was allowed to designate which of the facilities would be listed as the “physical location” of the ADC for the purposes of projecting the drive times in PC Miler. In the

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
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Response to DFC/USPS-GAN-40(continued):

case of for ADC Sierra, the Pacific Area elected to choose SCF San Jose CA as the host location of the ADC.

- (c) The “entry for 5-digit ADC location” indicates the ZIP Code designated for the purposes of determining the ADC location when using PC Miller, and, in the vast majority of cases, is also the location of the facility which “processes incoming First-Class Mail labeled to that ADC”. However, it should be noted that, in addition to the four pseudo-ADCs mentioned in (b), above, local conditions may, at anytime, require the diversion of ADC mail to another facility for processing. Example: The Washington DC ADC at the Brentwood facility has been closed indefinitely. Mail normally labeled to ADC Washington DC has been routed to, and processed at, other nearby P&DCs.

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DFC/USPS-GAN-43. Please discuss the ways in which the needs of customers for two-day First-Class Mail delivery affected any of your decisions on whether to change First-Class Mail service standards from two days to three days in 2000 and 2001.

RESPONSE:

Please see the earlier response to DFC/USPS-GAN-3(a-c).

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DFC/USPS-GAN-44.

Please refer to the response to DFC /USPS-GAN-12. Please discuss the substance of the reactions of Pacific Area and Western Area personnel, as the reactions relate to the level of service provided to customers, when you informed them of the extent to which service standards in their areas would be changed from two days to three days.

RESPONSE:

Like the rest of the Areas in the country, they supported the move from air transportation to surface transportation for 2-Day mail because of the declining reliability of airline performance. Western Area senior managers had been voicing ongoing concerns for years regarding the unreasonableness of service goals for which consistent, timely and responsive transportation was not available between many of their facilities. As with other Areas managers, they also expressed concern about whether the standardization of the National Clearance Times (perhaps being set too early) and that going as far as a 12 hour drive time might be "too far". Some voiced concerns regarding the potential loss of 2-Day pairs in their Areas, but recognized that retaining Service Standards which were not realistically attainable on a consistent basis, due in part to air transportation deficiencies, was also an unmanageable situation which diminished customer satisfaction.

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DFC/USPS-GAN-45. Please explain the meaning of “GOEZINTA.”

RESPONSE:

It is a long-standing, informal, nickname for a “goes into” list, e.g., “the Originating mail collected in Farmville VA, ZIP Code 239, goes into the Lynchburg VA 245 P&DF for processing” or “Destinating Incoming mail for ZIP Code 239 goes into ADC Richmond VA 230 for processing.” The “Final Network Structure” worksheet in USPS-LR-OCA-12B-2, is an assignment matrix which shows where every ZIP Code goes into for the various levels of processing identified in the 2 & 3-Day Model, and is referred to as “the GOEZINTA List”.

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DFC/USPS-GAN-47. Please refer to the response to DBP/USPS-73(a). Might trucks destined to a particular ADC carry First-Class Mail labeled to an AADC that is different from the ADC but that is located within the service area of the ADC? If your answer is yes, is this situation common?

RESPONSE:

Yes, trucks going into an Area Distribution Center might carry mail labeled to an Automated ADC that is different from the ADC. Not only could it be for an AADC within the service area of the ADC, but, depending on the geography and the line-of-travel of the trip, it could also be for an AADC that falls under the auspices of a different, nearby, ADC. Either or both situations do occur. However, since such routing decisions are local, a complete survey of local transportation arrangements would have to be undertaken in order to determine whether it was a "common" arrangement.

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DFC/USPS-GAN-48. Please refer to the response to DBP/USPS-72. Please confirm that the “2 & 3-Day Model” determines service standards using projected drive times from an originating facility to a destination ADC regardless of the method of transportation actually used to transport the mail. If you do not confirm, please explain.

RESPONSE:

Confirmed.

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DFC/USPS-GAN-49. Please refer to the response to DBP/USPS-80(b). Please identify the 12 HASP facilities.

RESPONSE:

A list of the 12 HASP facilities was already provided in our response to DBP/USPS-4.

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DFC/USPS-GAN-50. Please refer to the response to DBP/USPS-59. Which of the following statements do you believe better reflects the process by which most customers form their expectation of the length of time required for delivery of First-Class Mail between a particular ZIP Code pair? Please explain your answer.

Statement 1: Customers form their expectations of the length of time required for delivery of First-Class Mail based on their knowledge of the applicable service standard between a particular ZIP Code pair.

Statement 2: Customers form their expectations of the length of time required for delivery of First-Class Mail based on their prior experiences with delivery times for First-Class Mail between a particular ZIP Code pair.

RESPONSE:

The answer would seem to depend on the customer; his, her, or its sending and receiving origin-destination patterns; whether that mailer dealt directly with the Postal Service, and the degree to which that mailer was motivated to pay attention to such matters. First-Class Mail business customers generally tend to pay more attention to service standards than do residential customers. The larger the business and the more dependent it is upon the mails for the receipt of income, the greater interest it may have in the detailed information about actual service performance. Residential customers generally are less intensely interested in obtaining detailed knowledge about service standards or empirically monitoring their experiences. Business customers are greatly outnumbered by the residential customers, but generate and receives vastly much more mail on a per capita basis. Each statement could apply to some mailers in either group.

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DFC/USPS-GAN-51. Is it possible that First-Class Mail service standards for some ZIP Code pairs were changed from two days to three days in 2000 or 2001 even though (1) the mail continues to travel by air, before and after the changes, and (2) the air transportation was and is sufficiently reliable to meet a two-day service standard? If not, please explain.

RESPONSE:

In a system as vast and complex as the one operated by the United States Postal Service, it would not be prudent to summarily exclude that possibility.

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OCA/ USPS-1

Docket No. N89-1, USPS-T-2, Appendix A at 19, indicated that there was a semi-annual delivery standard review process. Are service delivery standards currently reviewed on a semi-annual basis? If so, what specific classes and types of mail are reviewed and what does the delivery standard review process encompass? If not, please explain what delivery standards are reviewed and when.

RESPONSE:

Since 1992, Service Standards have been modified and reviewed on a Postal Quarter (PQ) basis by the office of Service Management Policies and Programs. During each PQ, staff members review recent changes and proposed changes to certain aspects of our various processing and transportation networks. For example, with regard to First-Class Mail, Priority Mail, Periodicals, Standard Mail and Package Services, the shifting of ZIP Code responsibilities between processing facilities due to an Area Mail Processing (AMP) plan; the activation or termination of processing facilities; the reassignment of ZIP Code responsibilities, the change of Labeling requirements in our Domestic Mail Manual, the addition or deletion of Area Distribution Centers (ADCs), Automated Area Distribution Centers (AADCs), Processing and Distribution Centers (P&DCs), Processing and Distribution Facilities (P&DFs), Customer Service Facilities (CSFs) or Sectional Centers (SCFs) which make-up our Distribution Network, may influence our decision to modify a Service Standard as either an Upgrade or Downgrade. Also taken under consideration on a PQ basis are special requests from our Area Offices for Upgrades or Downgrades based on locally determined factors such as available transportation, operating plans, facility location, activation or termination, which in some manner may be affecting their ability to reasonably be expected to meet the existing Service Standard. There is a specific policy published electronically on the

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Response to OCA/USPS-1 (continued)

USPS Corporate Information System (CIS) which governs the submission of these Area Office requests. That policy has been extracted and is included in USPS LR C2001-3.1 as file OCA-1.

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OCA/USPS-2.

Currently, is the Divisional General Manager responsible for finalizing the First-Class delivery standards? If not, please explain who is responsible for finalizing First-Class delivery standards?

RESPONSE:

The Postal Service eliminated the position of Field Division/General Manager during the 1992 reorganization. Subsequently, an office of Service Management Policies and Programs was created at Postal Service Headquarters. A National Program Manager for Service Standards makes the initial recommended decision regarding the approval of Service Standard changes or adjustments, pending concurrence of the Manager, Service Management Policies and Programs, and, subsequently, the Vice President, Operations Planning and Processing.

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OCA/USPS-3.

What office or personnel position is responsible for providing the final approval for the various regional delivery standards?

RESPONSE:

During the 1992 reorganization, the Postal Service eliminated the five Regions and 86 Field Divisions that existed during Docket No. N89-1. Ten Area Offices operating under a Vice-President, Area Operations, subsequently replaced them. Subsequently, the Area offices make recommendations for Service Standard changes/adjustments to the Vice President, Operations Planning and Processing and the office of Service Management Policies and Programs, and the final decisions are made at the Headquarters level.

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OCA/USPS-4.

Docket No. N89-1, USPS-T-2, Appendix A at 20, indicated that prior to implementation of the approved delivery standards, each "Field Division Director of Marketing and Communications will execute a plan to notify business and residential customers of the resulting delivery changes." Please describe the methods used and provide copies of all documentation used to inform business and residential customers of the changes that were made in the Phase 2 delivery standards.

RESPONSE:

During the 1992 reorganization, the Postal Service eliminated the 86 Field Divisions that existed during Docket No. N89-1, and which included the position of "Field Division Director of Marketing and Communications." Since the changes that were made during FY2000 and FY2001 consisted of the finalization of the Phase 2 (2-day and 3-day) changes initiated in the early 1990's as part of the realignment plan reviewed in Docket No. N89-1 and constituted such a small percentage of our overall Service Standard Network, the Postal Service did not consider it necessary to inform business and residential customers of these changes in advance. Efforts to locate any documentation used to inform business and residential customers of the initial Phase 2 changes in the early 1990's have not borne fruit.

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OCA/USPS-5.

Does the Postal Service believe that the term "one-day standard" is equivalent to the term "one-day delivery"? If not, please explain.

RESPONSE:

One-day (overnight or next-day, excluding Sundays and holidays) delivery is the goal, or "standard" for First-Class Mail for which the operational objective of the Postal Service is to provide that level of service. Instances of one-day delivery can also occur for First-Class Mail for which the operational objective is to provide 2-day or 3-day service. Therefore, the provision of 1-day delivery in a given instance is not always indicative of the standard for that mail.

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OCA/USPS-6.

Does the Postal Service believe that the term "two-day standard" is equivalent to the term "two-day delivery"? If not, please explain.

RESPONSE:

Two-day delivery is the goal, or "standard" for First-Class Mail for which the operational objective of the Postal Service is to provide that level of service (assuming the scheduled delivery day is not a Sunday or holiday). Instances of two-day delivery can also occur for First-Class Mail for which the operational objective is to provide 1-day or 3-day service. Therefore, the provision of two-day delivery in a given instance is not always indicative of the standard for that mail.

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OCA/USPS-7.

Does the Postal Service believe that the term "three-day standard" is equivalent to the term "three-day delivery"? If not, please explain.

RESPONSE:

Three-day delivery is the goal, or "standard" for First-Class Mail for which the operational objective of the Postal Service is to provide that level of service (assuming the scheduled delivery day is not a Sunday or holiday). Instances of three-day delivery can also occur for First-Class Mail for which the operational objective is to provide 1-day or 2-day service. Therefore, the provision of three-day delivery in a given instance does not is not always indicative of the standard for that mail.

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OCA/USPS-8.

An article, "USPS allows comment on service changes," January 1990, Bank Operations Bulletin, indicates that the ABA, other mailers and bankers would be allowed to review service changes well before they were put into effect. (Docket No. N89-1, Transcript of Proceedings, Volume 5 at 1065.) The following interrogatories refer to information provided in that article.

- a. Were the ABA, residential customers and other businesses' concerns factored into the adopted Phase 2 service changes? If so, please explain (1) what concerns were addressed and (2) how those concerns were factored in. If customer's concerns were not factored in, please explain why not.
- b. Prior to the "Phase 2" service changes, were the ABA, residential customers and other businesses given the opportunity to review and comment on the service changes in advance of their implementation?
- c. If your response to part "b" of this interrogatory is affirmative, please provide copies of the comments provided to the Postal Service by the various mailers. If no comments can be provided, please explain why none are available.
- d. If no opportunities to review the service changes were provided to the ABA, residential customers or businesses, please explain why none were provided.
- e. Please provide copies of all documents provided to the ABA, residential customers and other businesses informing them of the USPS service changes.
- f. Please provide copies of information or data analysis performed by or for the Postal Service regarding the ABA, residential customers and businesses.

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Response to OCA/USPS-8

Since the changes that were implemented during FY2000 and FY2001 constituted the finalization of the Phase 2 changes initially implemented in the early 1990's, and they constituted such a small percentage of our overall Service Standard Network, no effort was made to provide for review by business and residential customers, including ABA, above and beyond any review that took place as Phase 2 was initially implemented. Thus far, efforts to locate any records pertaining to customer comments on the initial implementation of Phase 2 in the early 90's have not borne fruit.

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OCA/USPS-9.

For the period two years prior to, and all periods subsequent to, the implementation of the Phase 2 service standards, please provide copies of any reports and other data analysis performed indicating the actual service standards achieved. If no analysis was performed, please explain why.

RESPONSE:

For the purposes of the finalization of the Phase 2 Service Standard changes in FY2000 and FY2001, the Postal Service did not perform any historical analysis regarding the service performance between any 2-Day or 3-Day pairs. This was a conscious management decision which was made in order to prevent considerations of past service performance to unduly influence whether a particular Origin-Destination pair ought to be 2-Day or 3-Day and to focus on an even-handed "universal" formula by which to determine the potential "achievability" of planned service between a pair. It was determined that consistency of service could be improved if stricter discipline were brought to mail processing and transportation operations. Historical performance data would not have been useful in projecting what final adjustments to make in FY 2000 and FY 2001 to the 2 & 3-Day Model, since the operational paradigms by which those historical service performance scores were achieved would not be the same after the standardization of Clearance Times (CTs) and Critical Entry Times (CETs).

While there were "canned" reports available in our measurement systems that may have been able to measure some performance legs of the pairs under consideration for changes under the Model, the Service Standard Team did not avail itself at any time of any of that data. The 2 & 3-Day Model used and maintained a separate and distinct

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Response to OCA/USPS-9 (continued):

"Organizational Structure List", commonly referred to as the "GOEZINTA-list", which differed, in some cases significantly, from the traditional design of the canned performance files in our measurement systems. This would have required the Service Standard Team to "manipulate" the existing point-to-point service measurement by use of a programmer to re-work the data into the "GOEZINTA" format. This was never done before, during or after the Phase 2 changes that were implemented during FY-2000 and FY-2001.

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OCA/USPS-10.

What is the on-time delivery record for the 3-digit ZIP Code pairs that were changed during 2000 and 2001 from three days to two days? What was the on-time delivery record for the same ZIP Code pairs for the two years immediately prior the implementation of the Phase 2 service standards?

RESPONSE:

For FY2001 Q4, the first and only quarter for which there are any data reflecting the impact of all of the changes, ODIS data show an estimated 89 percent on-time performance for First-Class Mail for 3-digit ZIP Code origin-destination pairs that were changed from 3-day to 2-day delivery as part of the finalization of Phase 2.

For comparable periods (Q4) in both FY99 and 98, the two years preceding the finalization of Phase 2, ODIS data show an estimated on -time performance of 92 percent before the change (for the same 3-digit ZIP Code origin-destination pairs that were changed from 3-day to 2-day delivery as part of the finalization of Phase 2).

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OCA/USPS-11.

Has the Postal Service performed any costing analysis to measure the actual or projected cost savings derived from implementing the Phase 2 service standards? If so, please provide copies of all such analysis. If not, please explain why none has been performed.

RESPONSE:

Although the potential for cost savings was recognized when the Postal Service first gave notice of its realignment plan, the Postal Service never intended for potential cost savings to serve as a justification for making the service standard changes. Nor did it establish a process for measuring or monitoring any such cost impacts as it implemented Phases 1 and 2 of its plan in the early 1990's.

Accordingly, finalization of Phase 2 in FY2000-01 was not motivated by considerations of potential cost savings. When it became apparent that that the finalization of the Phase 2 changes would result in more reliance on surface transportation to meet 2-day service commitments, a postal transportation analyst at postal Headquarters developed a preliminary estimate of the transportation costs that could potentially be saved. No hard copies of any document or electronic files reflecting the details of the analysis have been located. Any such documents are believed to have been purged or lost during an office relocation.

It is the recollection of the analyst that the conclusion was that approximately \$36.4 million in transportation costs could be saved per year, based upon an average per-pound cost for air and surface transportation costs of \$0.25 and \$0.14, respectively; and that these savings would be offset by an increase in expenditures related to an expansion of the surface transportation network.

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OCA/USPS-12.

Mr. Gannon's Declaration at page 8 indicates that the Postal Service built a computer model using a customized transportation software package to determine which ZIP Code pairs qualified for 2-Day service by using a formula which could be applied nationwide.

- a. Please describe the formula in both mathematical and layman's terms.
- b. Please provide a copy of the computer model and a copy of the customized transportation software package.

RESPONSE:

a. Each of the Postal Service's 83 Processing & Distribution Facilities (P&DFs) and 124 Customer Services Facilities (CSFs) was assigned as a "subordinate facility" to one of the larger 174 Processing & Distribution Centers (P&DCs) in the contiguous 48 states. Each P&DC was then considered, for Service Standard Mapping purposes, to be the "Parent" P&DC. The Postal Service then purchased and used an off-the-shelf transportation software package named PC Miler, which has a plug-in module to interface with Microsoft Excel, to determine projected travel-time between an Origin and Destination.

The Postal Service then used the 5-Digit ZIPs of the Origin "Parent" P&DC, along with the 5-Digit ZIPs of the Destination Area Distribution Center (ADC), and PC Miler to determine the most appropriate route and, based on the appropriate State speed limits and type-of-road being traveled on, projected an estimated "travel time" into an Excel workbook. The basic "mathematical" formula used is as follows

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Response to OCA/USPS-12 (continued):

All Service Standard pairs that were not already Overnight (1-Day) were eligible.

If the "drivetime" between the Origin Parent P&DC and the Destinating ADC (as mapped by our "GOEZINTA-list") equaled from 0 hours-to-12.049 hours, then the Origin Service Standard was considered eligible for an Originating 2-Day Service Standard.

If the "drivetime" between the Origin Parent P&DC and the Destinating ADC (as mapped by our "GOEZINTA-list") equaled 12.05 hours, or more, then the Origin Service Standard was considered eligible for an Originating 3-Day Service Standard.

The Model allowed for Originating "Outliers" (see response to OCA/USPS-13) and for either Upgrade or Downgrade "Exceptions", based on Headquarters-approved requests from our Area offices in response to localized situations.

The Destination Service Standards for all ZIPs contained in any area listed as a Destination ADC were all to be consistent throughout the ADC (i.e., either all 2-Day or all 3-Day).

PC Miler allowed the Postal Service to customize individual State-by-State speeds to match those by which the Postal Service contracts for surface transportation services. Due to the large size of the vehicles it uses, the Postal Service has developed a modified list of State speeds that is used in drafting transportation contracts. A copy of that document is included in USPS LR C2001-3/1 as file OCA-12.

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Response to OCA/USPS-12 (continued):

Since there was an over 19% difference, on an average, between the State Limits and the speeds incorporated in Postal Service surface transportation contracts, the Postal Service modified PC Miler to list the appropriate State speed and then, using a formula in Excel, added a corresponding 20% more time to the travel time initially projected by PC Miler, in order to allow for the slower contract speeds.

Additionally, since mail often crosses Time Zones while being transported, the Postal Service made mathematical calculations to adjust travel times to corresponding Wall-Clock Times, in order to maximize the number of 2-Day offices which could consistently be reached in time for 2-Day delivery. Example:

The actual highway drivetime between Denver CO and Las Vegas NV is 13.0 hours. However, if one left both places simultaneously at 02:30 AM, the trip from Denver would arrive at 14:30 PM Las Vegas time and the trip from Las Vegas would arrive at 16:30 PM Denver time – a difference of 2 hours, even though there is only a “one-hour” Time Zone difference. For this reason, the 2 & 3-Day Model also made appropriate mathematical corrections to the travel times projected by PC Miler in order to determine the “real” Wall-Clock Time at the destination, since that is the barometer of whether or not there is adequate time available to process the mail in time for 2-Day delivery.

b. A copy of the Excel Workbook generated from the PC Miler add-in module, which reflects the projected travel time between Originating Parent P&DCs and Destinating ADCs, is included in USPS LR C2001-3/1 as file OCA-12B-1. A copy of the Excel workbook used in developing the 2 & 3-Day Model with regard to the “Organizational Structure List” (the “GOEZINTA-list”) used as part of the model, is

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Response to OCA/USPS-12 (continued):

included in USPS LR C2001-3/1 as file OCA-12B-2. A copy of the FOCUS source code used on our mainframe computer to merge the GOEZINTA-list with the PC Miler drivetime results, and apply the results to the 849,106 Service Standards maintained in our system, is included in USPS LR C2001-3/1 as file OCA-12B-3.

With regard to the PC Miler software package, the company that produced the software, ALK Associates, Inc. (ALK), was contacted to determine whether the Postal Service could make a copy of PC Miler in order to respond to this interrogatory. ALK has advised the Postal Service that it has a "single user" license and that the provision of a copy of the software to any other party would be considered a violation of the terms of the licensing agreement. The company has informed the Postal Service that interested parties can make arrangements to purchase a copy of the software by calling the following telephone number: (609) 683-0220. A copy of the response from ALK is included in USPS LR DC2001-3/1 as file OCA-12B-4.

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OCA/USPS-13.

Mr. Gannon's Declaration states at page 8 that, "we decided upon a maximum 12-hour highway drive-time range by which to determine those destinations that would become part of the 2-Day service area for any Processing Plant of origin. The remaining 3-digit ZIP-Code areas beyond 12 hours became part of the 3-Day service standard network."

- a. Does this mean that the 12-hour drive time standard applies only to First-Class Mail originating at a processing plant. If so, then for any given processing plant, could the service standard be different for mail entered into the mailstream at a mailbox within the processing plant's processing area? If not, please explain.
- b. Did any 3-digit Zip Code pairs that were changed from a 2-Day to a 3-Day service standard involve less than a 12-hour highway drive time? If so, please identify them by ZIP-Code and location and indicate whether they were concentrated in a particular geographic area of the nation.

RESPONSE:

a. As explained in response to OCA/USPS-12, all CSFs and P&DFs were assigned to Parent P&DCs regarding the 2 & 3-Day Model. Therefore, each P&DC, along with its subordinate CSFs and P&DFs, all have the exact same Originating 2 & 3-Day Service Standards. This includes all mail that is deposited by the locally determined posted times at mailboxes, post offices and all processing facilities feeding into the Parent P&DC. In all these instances, the Originating 2 & 3-Day Service Standards will be the same regardless of where the mail is deposited, as long as it is deposited by the posted time. The only exception to this is that the 2 & 3-Day Model allowed for 17 remotely located CSFs and P&DFs, out of the 381 Originated Processing Facilities, to be designated as "Outliers," offices that could not reach the designated "Parent" P&DC in time to connect to the planned 2-Day Transportation Network. In those 17 cases, the Service Standards were allowed to remain as they were prior to the finalization of

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Response to OCA/USPS-13 (continued):

Phase 2 changes initiated during FY2000 and FY2001. However, even in those 17 cases, the mail that is deposited by the locally determined posted times at mailboxes, post offices and all facilities feeding into the CSF or P&DF which has been designated as an "Outlier" are consistent throughout the whole area of deposit, in that the Service Standards remain consistently the same.

b. Columbus OH P&DC (ZIP Codes 430, 431, 432, 433, 437, 438, 456 & 457) to ADC Queens NY (ZIP Codes 090, 091, 092, 093, 094, 095, 096, 097, 098, 103, 110, 111, 112, 113, 114 & 116) which was a 2-Day Service Standard prior to the FY2000 and FY2001 changes was granted a Temporary Exception to 3-Days at the request of the Allegheny Area, even though PC Miler projected a Drivetime of 11.7 hours. This Temporary Exception was granted with the understanding that the Service Standard would be returned to 2-Day some time in the future. This was the only exception granted to the 2 & 3-Day Model wherein the Service Standard was previously 2-Days, the projected travel time between the Origin Parent P&DC and the Destination ADC was less than 12 hours, and yet the standard was subsequently changed to 3-Days.

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OCA/USPS-14.

In developing a nationwide standard for the delivery times and the computer formula for drive times, did the Postal Service consider and reject other parameters such as a combination of mileage and drive-time, or varying the standard for different geographic regions to recognize the larger distances within western states, or the proximity of a state capitol or major metropolitan area?

RESPONSE:

In developing the 2 & 3-Day Service Standard Model, other "parameters" for determining what was within reasonable reach of surface transportation were considered and rejected, such as establishing the 2-Day reach by the exclusive use of Great Circle Miles or establishing the 2-Day reach by the exclusive use of Highway road mileage.

During this process, there was also some rumination about whether we could establish or limit what qualified as a 2-Day Service Standard mail by use of a "maximum" percentage "cap" of 2-Day Originating Volume at the Origin Facility or by use of a "maximum" percentage "cap" of 2-Day Destinating Volume at the Destination Area Distribution Center.

"Proximity", in terms of which "major metropolitan" areas or "state capitols" could be reasonably reached in a consistent fashion by dependable transportation was not only "considered" as a "parameter", it represented the primary philosophy of how the adjustments were made.

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Response to OCA/USPS-14 (continued):

In addition to allowances made for remotely located Originating Outliers defined in response to OCA/USPS-13, the Postal Service did make some accommodations by establishing "Mini-ADCs" at Spokane WA, El Paso TX and Reno NV, which are remotely located SCFs that were exceptional distances from their "real" Parent ADC.

The Postal Service designated these SCFs as Mini-ADCs for the purposes of the 2 & 3-Day Model, only, in order to increase the amount of Originating 2-Day pairs going into those remote areas.

The use of PC Miler enabled the Postal Service to use the type of roads and corresponding speed limits to develop a reasonable proxy for establishing "proximity," versus just relying on "historical" service standards, thus allowing for an expansion of the reach of surface transportation, as evidenced by the significant gain in National ZIP Code pairs now scheduled for 2-Day delivery after the completion of Phase 2. This took into consideration that traveling 2 miles through the Holland Tunnel into New York City will not likely take the same amount of time as traveling 2 miles on an Interstate Highway in Montana. This fact, along with the availability of Transportation Mapping Software that was not in existence during the early 1990's, provided a more reasonable alternative than using a simplistic approach such as "up to 600" miles to determine a reasonable 2-Day range. Not all 600-mile treks are created equal.

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OCA/USPS-15.

Mr. Gannon's Declaration states on page 7 that the National mandates for NLT ["No Later Than"] CTs ["Clearance Times"] and NET CETs ["No Earlier Than"] ["Critical Entry Times"] became effective on May 22, 1999. He indicates these times were used to establish windows for transportation between originating and destinating facilities.

- a. Please describe these National mandates in more detail and provide the documentation that establishes the National mandates.
- b. Did the various "clearance times" and "critical times" tend to be later in the western states such that the length of the service standard was affected adversely in those areas?

RESPONSE:

In addition to the information contained in paragraphs 12, 16 and 17 of the July 30, 2001, Gannon Declaration, the Postal Service established National standards for the "Clearance" of Originating Mail in the Origin Plants (approximately 380 CSFs, P&DFs and P&DCs which process our Outgoing Mail). The times were established as No Later Than (NLT) times, which means it is the latest time that the plants could finalize their outgoing mail, unless they received an official exception from Headquarters. The times established were 01:30 for 1-Day mail (even though we made no adjustments to Overnight Service Standards during this period); 02:30 for 2-Day and 3-Day Surface; and, 04:30 for mail designated for 3-Day Air Transportation. The initial notification to Area Offices regarding the establishment of the National Clearance Times was done by telecom by Joseph Harris, who was at that time the Manager, Service Management Policies and Programs office, wherein he conducted verbal "Catchball" negotiation sessions with each Area office in early 1999. During those phone conversations, he entertained (among other things) Area requests for exceptions to the new National

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Response to OCA/USPS-15 (continued):

Clearance Times. The first written reference to the new National Clearance Times was his letter to the field outlining the parameters on May 17, 1999. A copy of that document is included in USPS LR C2001-3/1 as file OCA-15A.

b. No, the National Clearance Times were applied uniformly across the nation. There were only 7 exceptions given (out of approximately 380 Originating Processing Facilities) where offices were allowed to clear later than the National 2-Day NLT CT of 02:30: 1 in the NY Area, 1 in the Western Area, 3 in the Southeast Area and 2 in the Midwest Area. There were no 2-Day exceptions granted in the Pacific, Southwest, Great Lakes, Allegheny, Mid-Atlantic, Northeast or Capital Metro Areas. Other than those exceptions, the remainder of the country (including the "Western States") is scheduled to clear 2-Day mail at, or before, 02:30.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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OCA/USPS-T1-6. Please refer to your testimony at page 9 where you state the team preparing the National 2 & 3-Day Model "was aware that the Postal Service was phasing out regional contracts for dedicated air service that was being used primarily to fly mail between points in the West and Southwest."

a. If these regional contracts had not been phased out, would there have been more 2-day origin-destination pairs in those regions than were in the final model?

b. Why were those dedicated air service contracts being phased out?

RESPONSE:

(a) [Provided by witness Gannon on April 6, 2004]

(b) The referenced regional air service contracts were in place when the Postal Service utilized the Emery air transportation network. They were phased out when the Postal Service began to utilize the FedEx air transportation network, which provides greater reach.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OCA INTERROGATORY

OCA/USPS-T1-9. Please refer to page 11 if your testimony. You indicate the agreement with Federal Express for a daytime network was designed, in part, for transportation of 3-day First-Class Mail.

- a. Can either the daytime or nighttime FedEx network be used as backfill for 2-day First-Class Mail service? If so, are they being used for backfill?
- b. If so, how often are they being used for backfill?

RESPONSE:

(a) & (b) The network is designed to carry mail, not "backfill." If you mean to ask whether unutilized space on a network designed primarily for Express Mail, Priority Mail and 3-day First-Class Mail could be used to carry 2-day First-Class Mail on some occasions, the answer would be yes. For instance, some volumes of mailer-prepared First-Class Mail will sometimes be deposited early in the day and, consequently, may be available to travel on the nighttime FedEx network. However, based on the National 02:30, Day-1, Clearance Time for 2-Day FCM, the first obvious opportunity for the vast majority of 2-Day mail to travel with FedEx would be the next day on the Daytime network. As indicated at page 12 of witness Gannon's testimony (USPS-T-1, lines 11-18) (revised March 15, 2004):

[T]he range of arrival times at destinating mail processing plants for mail traveling on the FedEx network is typically later than the latest ETA time for 2-day First-Class Mail that could be scheduled at an ADC (17:00), as designed by the 2 & 3-Day Model. The majority of the FedEx arrivals at plants throughout the country are usually after 19:00, and many extend into the 21:00-22:00 time frame. While these later arrivals can be accommodated for Express Mail and Priority Mail volumes, such arrival times, usually, are too late to achieve a 2-day standard for First-Class Mail. Therefore, it is a transportation reality that the majority of the daytime network arrivals at the actual ADC Processing Plants are well beyond the latest possible Modeled ETA of 17:00.

It is this arrival profile that makes the daytime FedEx network not normally a viable option for the scheduled routing of 2-Day FCM, rather than the issue of "available space" (or "backfill", as you incorrectly call it).

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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OCA/USPS-T1-10. On pages 12-13 of your testimony, you indicate you were directed to verify that the FedEx contract would not significantly aid 2-day First-Class Mail and that the assignment was subsequently rescinded.

- a. Since that time, have you or anyone else in the Postal Service undertaken the planned but terminated analysis to confirm the conclusion that the FedEx contract would not significantly aid 2-day First-Class Mail delivery?
- b. If so, what are the results of that analysis?

RESPONSE:

(a & b). No such analysis has been conducted.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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OCA/USPS-T1-11. On page 15 of your testimony you state that the final decision on transportation mode in relation to service standard modification requests rests with the Area Offices and that there has never been a mandate that only surface transportation can be used between 2-day origin-destination pairs.

- a. Can the Area Office consider dedicated air transportation in requesting upgrades?
- b. Do the Area Offices routinely review the possibility for dedicated air contracts to upgrade 3-day service to 2-day service? If not, why not?
- c. Do the Area Offices have the authority to negotiate dedicated air contracts in order to determine the potential feasibility or economics of requesting a final decision from the headquarters team to upgrade service from 3-day to 2-day origin-destination service?

RESPONSE:

- (a) Area Offices may consider all modes of transportation.
- (b) It is unlikely that Area Offices consider the possibility for dedicated air contracts to upgrade 3 day service to 2 day service. The Postal Service has very few dedicated air contracts.
- (c) Area Offices are not authorized to negotiate dedicated air contracts. Such authority rests with Headquarters.