

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

EVOLUTIONARY NETWORK DEVELOPMENT  
SERVICE CHANGES, 2006

Docket No. N2006-1

REQUEST OF THE UNITED STATES POSTAL SERVICE  
FOR AN ADVISORY OPINION  
ON CHANGES IN POSTAL SERVICES  
(February 14, 2006)

The United States Postal Service hereby requests that the Postal Rate Commission, under 39 U.S.C. § 3661, issue an advisory opinion on changes in the application of current service standards to numerous 3-digit ZIP Code service area origin-destination pairs for different mail classes. These changes are expected to result from a system-wide review and realignment of the Postal Service's mail processing and transportation networks.<sup>1</sup>

The Postal Service has been established to operate as a basic and fundamental service to the American public. Management of the Postal Service involves the balancing of important service and operational objectives, including promptness, reliability and efficiency. See 39 U.S.C. § 101(a). To achieve these objectives, the Postal Service is empowered to determine the methods and to deploy the personnel

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<sup>1</sup> This Request does not address the issue of whether 39 U.S.C. § 3661(b) *requires* that an advisory opinion be requested under these circumstances. *Dicta* in *Buchanan v. United States Postal Service*, 375 F.Supp. 1014 (N.D. Ala. 1974), *affirmed in part, vacated in part*, 508 F. 2d 259 (5<sup>th</sup> Cir. 1975), might lead some to conclude that such a request is required here. Although the Postal Service considers that the *Buchanan* decision does not provide reliable guidance as to the proper construction of § 3661, or the intent of Congress in enacting it, the Postal Service has determined in its discretion to request an advisory opinion before implementing the service changes for numerous 3-digit ZIP Code area origin-destination pairs that are likely to result from realignment of its mail processing network.

necessary to conduct its operations. 39 U.S.C. § 1001(e). At the same time, the Postal Service is charged with operating and maintaining such facilities and equipment as are necessary to pursue these objectives. 39 U.S.C. § 401(6).

The Postal Service has determined to institute a process for conducting an in-depth examination and reconfiguration of its mail processing and transportation networks in phases during the next several years. The objectives of this realignment are to develop mail processing and transportation networks suited to current and future postal operational needs, to reduce inefficiency and redundancy, to make operations flexible, and to capture the resulting cost savings. As part of a centrally directed program, numerous mail processing and transportation changes are expected to be proposed at the local level and submitted to Postal Service Headquarters for approval.

The Postal Service's current service standards are based, for the most part, on logistical considerations. Accordingly, these network and transportation changes are expected to result in determinations to adjust some of the service standards that are currently applicable to numerous 3-digit ZIP Code area origin-destination pairs for different classes of mail.<sup>2</sup>

It is expected to take several calendar years to subject all major components of the mail processing network to an initial realignment review and to implement any resulting operational changes. Consequently, service standard adjustments for affected 3-digit ZIP Code area origin-destination pairs resulting from these network changes will be implemented incrementally, as different local components of the postal mail

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<sup>2</sup> The Postal Service is not proposing to change the current service standard day ranges for any mail class. Nor is the Postal Service proposing to apply different service standards within any subclass to mail pieces based upon differences in physical characteristics.

processing and transportation networks are modified. Because the numerous operational and transportation outcomes of the network review process cannot be predicted, the Postal Service presently is unable to estimate the number of 3-digit ZIP Code area origin-destination pairs for each mail class that will experience either a service standard upgrade or downgrade. Likewise, the Postal Service currently is unable to estimate the aggregate percentage of volume for any particular mail class that may experience a service standard change.

The testimony of Postal Service witness Pranab M. Shah (USPS-T-1) accompanies this Request. His testimony summarizes the goals of the network realignment program and describes one of the analytical tools used in the feasibility studies that will determine the basic features of the future mail processing network. His testimony references the current service standard definitions for each mail class, and explains the reasons why mail processing network changes are likely to affect how the current service standards are applied to numerous 3-digit ZIP Code area origin-destination pairs. Postal Service witness David E. Williams (USPS-T-2) describes the procedures and principles that will guide the implementation of the numerous incremental network changes and the resulting service standard changes.

As explained in the above-referenced testimonies, the Postal Service intends to examine mail processing facilities and transportation arrangements for the purpose of maintaining a flexible and efficient national postal system. Holding current service standard definitions constant, service changes are a foreseeable consequence of network operational and transportation changes, whether those changes are isolated and local in nature, or whether those changes are potentially nationwide in magnitude.

If the service changes resulting from the pursuit of the operational objectives described above are deemed to be “substantially nationwide” for any mail class within the meaning of 39 U.S.C. § 3661(b), the Postal Service considers that implementation of such service standard changes would be consistent with the policies of the Postal Reorganization Act.

Various provisions of the Act require the Postal Service to balance different factors in providing services to the public. The mandate in § 101(a) that the Postal Service provide “prompt” service must be balanced, for instance, with the instruction in § 101(f) that postal management be “economical” in selecting modes of transportation. In sections 101(a), 403(a), 403(b)(1), 403(b)(3) and 3661(a), the Postal Service also is directed either to be “efficient” or to maintain “reasonable economies” in its operations. The development of a flexible and efficient network for the reasons described by witness Shah (USPS-T-1), and the use of tools and processes described in the testimony of witness David Williams (USPS-T-2) are a faithful exercise of the Postal Service’s statutory responsibilities.

Therefore, in accordance with 39 C.F.R. § 3001.71 *et seq.*, based upon the testimony of witnesses Shah (USPS-T-1) and Williams (USPS-T-2) and related materials otherwise reflected in the record of this proceeding, the Postal Service requests that the Commission expeditiously issue an advisory opinion concluding that the Postal Service’s plans to implement service standard changes for various 3-digit ZIP Code area origin-destination pairs for different mail classes conform to the policies in title 39, United States Code.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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