

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

EVOLUTIONARY NETWORK DEVELOPMENT
SERVICE CHANGES, 2006

Docket No. N2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO APWU INTERROGATORIES APWU/USPS-T2-1(b-e), 2, 3(a), 4, 5 6(a-d), 7, 9-12.
(February 24, 2006)

The United States Postal Service hereby submits the response of witness Williams to the following interrogatories of the American Postal Workers Union, AFL-CIO, filed on February 17, 2006: APWU/USPS-T2-1(b-e), 2, 3(a), 4, 5 6(a-d), 7, 9-12.

The interrogatories are stated verbatim and followed by the responses. Objections to the following interrogatories were filed on February 23, 2006: APWU/USPS-T2-1(a,f,g,h), 3(b), 6(k), and 8.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS TO
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APWU/USPS-T2-1

On page 8 of your testimony, you state “there were about two dozen local AMP studies in progress” while the END model was being developed and that AMP review activity was generally suspended.

- a) Please provide a complete list of these approximately “two dozen” AMP studies that were underway. Please provide the date of initiation and the person requesting each AMP. Were any of these projects initiated because of the Postal Service’s ongoing network redesign efforts? Were any of these projects initiated based on the END models?
- b) Were there any AMP studies not put on hold during END model development? If so, which ones went ahead?
- c) Were the ten projects that were used to test the “internal administrative processes that might be useful in a ‘full-up’ implementation of END” selected from this group of approximately “two dozen” AMP studies that had been undertaken?
- d) Please provide the criteria for the selection of the 10 AMP studies presented in your submission to the Commission in N 2006-1, and identify the person or persons who made the selection.
- e) For any of the AMP studies on the list in (a), but not among the ten listed in Library Reference N2006-1/5, did the Postal Service choose not to move forward to completion because of results from END simulations? If so, explain; if not, state the reasons for not permitting the other studies to move forward.
- f) List all AMP studies begun since December 31, 2001.
- g) For all AMP studies completed since December 31, 2001, that are not among the 10 studies included in your submission to the Commission in N 2006-1,
 - present a report in which the locations and other identifying information are redacted to protect the Postal Service’s “competitive interests.”
 - With all identifying information redacted, the report will identify locations only by assigned letters (A, B, C, etc.).

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APWU/USPS-T2-1 (continued)

- Within each AMP study, ZIP codes must be replaced using a single number for each ZIP code (thus, an AMP report with 24 ZIP codes would have ZIP codes numbered 1, 2, 3 etc. through 24).
- h) For every report produced in response to interrogatory g above, include all the data redacted from the 10 AMP reports included in your submission to the Commission in N 2006-1, including without limitation
- each facility's total mail volume,
 - each facility's total mail volume disaggregated on mail-class specific and service-specific bases
 - on Worksheet 4 facility-specific data reflecting estimated operation-specific originating and/or destinating mail volumes and processing costs, made specific for one class or service where appropriate
 - on Worksheet 7 mail class-specific origin-destination volume data reflecting the volume per mail class that originates or destinate at a single facility, or travels from one specific 3-digit ZIP Code area to another specific 3-digit ZIP Code area.

RESPONSE

- (a) Objection filed.
- (b) There were six AMPs approved in 2004: Oil City, PA; Bradford, PA; Du Bois, PA; Steubenville, OH; Bronx, NY; West Jersey, NJ; and Marina, CA.
- (c) Seven of the 10 AMP studies approved in October 2005 were included in the group of suspended AMP studies.
- (d) After consultation with local management, area management proposed to headquarters AMP studies which met current and future network requirements to proceed with.
- (e) No.
- (f-h) Objection filed.

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APWU/USPS-T2-2 For the ten AMP projects used for END testing and presented in Library Reference N2006-1/5:

- a) On page 9 of your testimony you describe them as going through the END simulation process, did the END optimization models also play a role? Please describe the optimization model role separate from the simulation model role for each of these projects.
- b) Is there any output from the END model presented in Library Reference N2006-1/5? If so, please identify which pages or data items come from those models.
- c) If the END model output is not part of that Library Reference please provide model output and detailed descriptions and methodologies for these ten projects.
- d) Did the AMP proposal change between the original proposal and the final approval because of the results of END testing? For example, were the impacted operations changed, the impacted facilities changed, the types or numbers of employees impacted changed, the amount of equipment to be relocated changed, etc.? If so please describe the types of changes that took place.

RESPONSE

- (a) The END simulation model verified that the outcome of an AMP implementation met the future network roles of the facilities involved in the AMP proposal.
- (b) No.
- (c) No.
- (d) None of the first 10 AMP proposals were modified based on END evaluation.

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APWU/USPS-T2-3

On page 9 of your testimony you state "These ten AMP decisions currently are in the various stages of implementation and all are expected to be completed by June 2006."

- a) Please identify each of the stages of implementation for an AMP decision as referenced in the passage quoted above and state how long each stage is expected to take in a typical case.
- b) Please provide a timeline for each of the 10 projects or decisions included in your submission in N 2006-1, showing the amount of time taken for each stage or phase of the project or decision; state at which stage of implementation each project is at this time; and state when, between now and June 30 2006 each project is expected to be fully implemented.

RESPONSE

- (a) The main components of an AMP implementation include relocations of personnel, mail volume, and mail processing equipment, and implementation of any changes in the application of service standards to 3-digit ZIP Code pairs. Implementation of all elements can take up to six months to complete.
- (b) Objection filed.

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APWU/USPS-T2-4 For the 41 AMP projects that are listed in your attachment:

- a) Were any of these projects among the approximately “two dozen” AMP studies that were put on temporary hold during the END model development?
- b) Were any of these projects identified because of the Postal Service’s ongoing network redesign efforts or through the END optimization modeling process? If so, list the projects so identified.
- c) On page 12 of your testimony you state that area managers had notified Headquarters of their intention to begin 46 AMP feasibility studies by early 2006.
- d) Has a decision been made to not go forward with any of those 46 studies because of an initial END model analysis? Are you still expecting some of these 46 AMP studies to be filed or have they been filed since you completed your testimony?

RESPONSE

- (a) Yes.
- (b) Yes. A list is being compiled and will be provide as part of a revised response.
- (c) Correct.
- (d) No. We anticipate the announcement of additional feasibility studies.

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APWU/USPS-T2-5

The Inspector General's report filed in Library Reference N2006-1/8 indicates that the USPS was approving approximately 3 AMP studies per year between 1995 and the present yet there appear to have been over 20 in the pipeline early in 2005.

- a) Were managers given instructions, encouragement, or incentives to file AMP studies?
- b) Please provide all instructions or guidance submitted to the field from 2001 forward on the subject of AMP studies.

RESPONSE

The PO-408 Handbook reflects the long-standing instructions and guidance provided to the field on the subject of utilizing the Area Mail Processing review process to initiate studies that could result in consolidation of mail processing operations to improve efficiency and eliminate redundancy. As the Postal Service at headquarters began to focus more on the prospect of a major network realignment, my staff has routinely discussed the AMP process with field managers and explained its purpose. This may have contributed to more focus on the AMP process in the field and the submission of more proposals in recent years than in years past.

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APWU/USPS-T2-6

Using the Pasadena P&DC AMP from Library Reference N2006-1/5, please provide the following information:

- a) Is it correct to understand from Worksheet 2 that some of the work of the Pasadena P&DC is being split and consolidated into two other existing facilities the Santa Clarita P&DC and the Industry P&DC? If this is incorrect, please explain why.
- b) Is it correct that only outgoing operations are being consolidated? Is it correct that some outgoing operations will be maintained at the Pasadena P&DC (Express, PARS intercept, Platform, and Registry)? If this is incorrect, please explain why.
- c) Describe what impact the change in outgoing operations will have on incoming operations.
- d) How is the mileage on Worksheet 2 determined? Is that the mileage of a standard transportation run between the existing facilities or a straight line measurement?
- e) On Worksheet 2 is it correct to assume that the numbers under Personnel is measured as the number of employees? Is that an estimate of employees that will no longer be required to accomplish this work or the number of employees to be transferred to the other two facilities? If this is incorrect, please explain why.
- f) On Worksheet 2, what is the unit of measure under the Service heading?
- g) On Worksheet 4, the annual numbers appear to be calculated from 2004 MODS operations data. Is that correct?
- h) What assumption is made about relative productivity between the proposal facility and the gaining facility when determining the hours transfers from one to the other?
- i) On Worksheet 6, how are the proposed workhours determined? How is the proposed annual cost determined?
- j) What is the source of the data used in Worksheet 7?
- k) Why are the First Class mail statistics on Worksheet 7 being redacted?
- l) Please describe how the numbers on the Transportation Savings/Cost worksheet are calculated.
- m) Please describe how each line of Worksheet 10 is calculated and the data that are used to determine the numbers.

RESPONSE

- (a) Confirmed.

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RESPONSE to APWU/USPS-T2-1-6 continued:

- (b) All originating mail for the Pasadena, CA P&DC is being consolidated.
- (c) Mail from the Pasadena origin area which destinate in Pasadena will receive primary sortation at the Santa Clarita P&DC and the Industry P&DC, and returned to Pasadena for secondary handling.
- (d) The former.
- (e)-(j) Responses forthcoming.
- (k) Objection filed.
- (l)-(m) Responses forthcoming.

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APWU/USPS-T2-7

Worksheet 3 of the AMP process appears to track the communication of the proposal to various parties that will be impacted by it. How is this list determined? What factors determine the timeline of these notifications? What input do these parties have to the proposal?

RESPONSE

Local/District management determine which local business mailers are notified of the Postal Service's intentions to conduct an AMP feasibility study, and of the final decision regarding the study. They also identify the local and Federal government officials who are notified, and the local print and broadcast media outlets to which press releases are issued for the purpose of disseminating notice to the general public. Input may be in the form of a communication between local postal management and local business mail entry unit customers whose mailing has a major impact on local postal operations. Or it may be in the form of communications from members of the general public directly or through elected officials to the Postal Service.

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APWU/USPS-T2-9

Will all future AMP proposals be based on END optimization modeling or will it be possible for them to be initiated by the District Office or the management of a facility as they have been in the past?

- Are there any kinds of movements of operations from one facility to another that managers in the field can make
 - without headquarters approval
 - without application of the END process?

- If some of the AMP proposals are still initiated in the field, how will the END models be used in the analysis of those proposals?

- If some AMP proposals are still initiated in the field, and some AMP proposals are suggested by END and initiated for that reason,
 - will the processes or criteria used for AMPs differ in any respect depending on whether they are initiated in the field or suggested by END?
 - If the processes or criteria vary between the two types of AMPs, specify what the differences are.

RESPONSE

My testimony addresses the Postal Service's use of the Area Mail Processing review procedures in conjunction with the Evolutionary Network Development model in pursuit of the goals of its END strategy over the next several years. I cannot predict whether all future network changes beyond the scope of my testimony will be guided by current procedures in perpetuity. Currently, there are operational changes that do not involve either the END model or the AMP procedures. When applicable, the END model will verify that the future roles of facilities in the AMP proposal are consistent with future network requirements. The same criteria are currently used for AMP studies, irrespective of whether they are initiated in the field or suggested by END.

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APWU/USPS-T2-10

In reference to the Marina P&DC AMP decision shown in Library Reference N2006-1/6:

- a) Please identify the date this AMP decision was fully implemented.
- b) This AMP report does not appear to have the list of impacted parties that were notified of the final decision, such as the ones shown on the ten projects provided in Library Reference N2006-1/5. Is this a newly added sheet? When were the impacted parties notified of the Marina P&DC decision?
- c) Has a post implementation report for this facility been produced? If so please supply all such reports.
- d) Was the Marina P&DC AMP proposal prompted in any way from an END model run or from a precursor to that model? If so, please describe the role of the models in producing this AMP proposal.
- e) Were the END models used to evaluate or process the Marina P&DC AMP proposal? If so, describe any changes to the proposal that resulted from use of the END models.

RESPONSE

- (a) July 14, 2005.
- (b) No. Yes.
- (c) No.
- (d) No.
- (e) No.

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APWU/USPS T-2-11

At its January 2006 meeting, the Board of Governors approved a new P&DC at Northeast Michigan Metro. What role did the END process play in the decisions to determine the location of this facility and the operations to be moved to this facility? How will END be involved in other decisions to build and locate new facilities?

RESPONSE

The construction of the Northeast Michigan Metro new facility allows for the potential consolidation of operations from several locations. The END model validated the new facilities role in the future network.

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APWU/USPS T-2-12

You have stated that a merger of the END model and AMP process is underway (USPS T-2 at 9).

- a) Please state in what ways the AMP process has been modified or affected by the merger of the END model and AMP process.
- b) In particular, state what AMP criteria have been modified or, if they have not been modified, state how their application has been changed or affected by the application of END models.

RESPONSE

(a&b)

The AMP process, as spelled out in the Handbook PO-408, has not been modified, changed or affected by its utilization as a tool in the pursuit of the objectives of Evolutionary Network Development. The END model merely produces inputs that can be taken into account during the AMP process.

Only in that sense, have the model and the process “merged.”