

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

EVOLUTIONARY NETWORK DEVELOPMENT)
SERVICE CHANGES)

Docket No. N2006-1

ASSOCIATION OF PRIORITY MAIL USERS, INC.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS PRANAB M. SHAH (APMU/USPS-T1-1-4)
(March 31, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice,
Association of Priority Mail Users, Inc. hereby submits interrogatories and document
production requests. If necessary, please redirect any interrogatory and/or request to a more
appropriate Postal Service witness.

Respectfully submitted,

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APMU/USPS-T1-1.

Please refer to page 14, lines 2-3 of your testimony where you state that “the Postal Service expects that service changes are likely to be most pronounced for First-Class Mail and Priority Mail.”

- a. Please explain why the Postal Service expects First-Class Mail and Priority Mail to experience the most pronounced service changes from the contemplated network realignment.
- b. On the basis of all experience the Postal Service has had to date with its END models and the AMP process (*e.g.*, as with the 10 modifications in LR-N2006-1/6), please state whether the preponderance service changes will be service improvements or service downgrades. In your response, please treat all earlier cut-off times for meeting existing service standards for Priority Mail as a service downgrade.

APMU/USPS-T1-2.

- a. Please confirm that all Priority Mail currently has a service standard of either overnight, 2-days, or 3-days. If you do not confirm, please explain what other service standard exists.
- b. Please confirm that, after any service changes in the existing network contemplated by the Postal Service have been implemented, all Priority Mail will have a service standard of either overnight, 2-days, or 3-days, and that none will be 4-days or more. If you do not confirm, please explain.

- c. Will the Priority Mail service changes contemplated by the Postal Service in its network realignment have any effect in either increasing or reducing the “tail of the mail” with respect to Priority Mail that is not delivered within the stated service standard? That is, will the cumulative effect of the network changes discussed in your testimony have the predictable result of increased consistency in the delivery of Priority Mail? Please explain.
- d. Will the Priority Mail service changes contemplated by the Postal Service have any effect in either increasing or reducing attributable costs for Priority Mail (*e.g.*, mail processing, transportation, delivery)? Please explain.
- e. Will greater emphasis on shape-based processing result in Priority Mail flats being processed with (i) First-Class flats, or (ii) Periodicals, or (iii) Standard flats? If so, how will the Postal Service prevent degradation of expedited service that Priority Mail flats are supposed to receive?
- f. Will greater emphasis on shape-based processing result in parcel-shaped Priority Mail flats being processed with (i) First-Class parcels, (ii) Periodicals, (iii) bundles of Standard Mail, and/or (iv) other parcels? If so, how will the Postal Service prevent degradation of the expedited service that parcel-shaped Priority Mail is supposed to receive?
- g. Please explain the extent to which the Postal Service contemplates maintenance of separate handling and a separate “network” for expedited items, as well as the extent to which the Postal Service contemplates merging expedited mail

(Express Mail and Priority Mail) with items of the same shape from other classes of mail.

- h. Do either the END optimization models or the END simulation models make explicit provision for handling and transportation required to meet the service standards of expedited mail (*i.e.*, Express Mail and Priority Mail)? Please explain.

APMU/USPS-T1-3.

- a. Please describe all existing Priority Mail service guarantees, if any, and state whether and how the network realignment discussed in your testimony will change any existing Priority Mail service guarantees.
- b. Please describe all existing Priority Mail service objectives, if any, and state whether and how the network realignment discussed in your testimony will change any existing Priority Mail service objectives.
- c. Please describe all existing Priority Mail service commitments, if any, and state whether and how the network realignment discussed in your testimony will change any existing Priority Mail service commitments.

APMU/USPS-T1-4.

Please refer to the following quotation from page 74 of the Postal Service's 2005 Comprehensive Statement on Postal Operations:

Through 2005, Priority Mail has been measured by the Priority-End-to-End (PETE) system. However, in 2006 Priority Mail measurement will transition from PETE to the Delivery Confirmation Priority Mail-Retail (DCPM-R), a scanning system similar to that described above for Express Mail. PETE will be modified and used as an external validation system, similar to the system used for Express Mail. The changes will reduce costs, improve operational consistency, and increase sample size. PETE reported results primarily for flat-shaped Priority Mail. DCPM-R will expand coverage to other Priority Mail shapes.

- a. Please explain how the Priority End-to-End (PETE) performance measurement system operated through 2005. As part of your explanation, please indicate whether (i) the time of deposit at collection boxes was keyed to precede posted pick-up times, and (ii) the time of deposit at Post Office windows was keyed to any particular cut-off time, or was simply made prior to closing.
- b. Please explain how the PETE performance measurement system will be changed in 2006. As part of your explanation, please indicate whether Priority Mail with delivery confirmation that is deposited in collection boxes will be scanned at the time of pick-up or after the mail is collected and returned to the originating post office.
- c. Please suppose that the consolidation of outgoing processing under network redesign results in moving back the cut-off times for next day and 2-day delivery being in affected locales (*e.g.*, from 5:00 p.m. to 3:30 p.m.). Further, after the consolidation has been implemented, please assume that someone enters a piece of Priority Mail with delivery confirmation at the post office after 3:30 p.m. on, say, a Monday. Under the performance measurement system in effect

in 2006, will that piece be recorded as Monday mail or as Tuesday mail, and how will the mailing customer know that the piece will not receive overnight or 2-day delivery as it previously did? Please explain.

- d. Does the Postal Service plan to have any performance measurement system for Priority Mail that does not utilize delivery confirmation and that is deposited in collection boxes? Please explain how the Postal Service plans to measure performance for all such Priority Mail.
- e. Please explain what an “external validation system” is and how PETE will be used in this role.
- f. Please explain how these changes will “reduce costs, improve operational consistency, and increase sample size.” In particular, please explain what costs will be reduced, and why changing the method of sampling for performance measurement purposes is expected to improve operational efficiency. That is, what changes and improvements in operations are expected as a result of transitioning from PETE to DCPM-R?
- g. Please explain the DCPM-R system and how it will be used to measure service for overnight, 2-day and 3-day mail.
- h. Please explain how and when the Postal Service will report DCPM-R results, as well as the extent to which statistics from DCPM-R will constitute a representative sample of performance for all Priority Mail.
- i. If it is known that Priority Mail performance is measured only for Priority Mail with delivery confirmation, will Priority Mail **with** delivery confirmation

receive preferential handling over Priority Mail **without** delivery confirmation?

Please describe how the Postal Service plans to prevent service degradation for that segment of Priority Mail for which performance is not tracked or measured.

- j. Please explain how the Priority Mail performance measurement system that will be in effect from 2006 can be used to ascertain whether changes in the postal network under the network realignment program have either improved or downgraded the actual service received by Priority Mail. In particular, does the Postal Service contemplate reporting separately performance data for locales that have experienced changes in service or service standards as a result of network realignment? If not, please explain how the Priority Mail performance measurement system that will be in effect from 2006 can be used to assure that network realignment in fact is producing the “promised” or “expected” results, at least with regards to Priority Mail. If the Priority Mail performance measurement system is not a means of tracking and providing accountability for network changes that are implemented, please explain how the Postal Service does plan to provide after-the-fact accountability to Priority Mail patrons in affected locales.