

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-T2-24 THROUGH 28 AND 31 THROUGH 33)
(April 12, 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 March 23, 2006: APWU/USPS-T2-24 through 28 and 31 through 33.

The interrogatories are stated verbatim and followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

APWU/USPS-T2-24

The October 1, 2005 MTAC Service Standards memorandum (available at <http://ribbs.usps.gov/mtac.htm>) lists 98 upgrades and 144 downgrades to 3-digit pairs for FCM service standards. Of those, 12 downgrades and 9 upgrades are related to the Marina AMP, 40 downgrades and 11 upgrades are related to moving Las Cruces NM from the Albuquerque NM ADC to the El Paso TX ADC, and 92 downgrades and 78 upgrades are related to the movement of Gary IN to the Indianapolis ADC from the Chicago ADC.

- a) Does the list provided with the October 1, 2005 Service Standards memorandum cover the same types of mail covered in AMP worksheets 7, 7a and 7b or does it just match the type of mail in worksheet 7?
- b) The lists provided on worksheets 7, 7a, and 7b in Library Reference N2006-1/6 appear to be based on FY2003 ODIS data. Please confirm. If you can not confirm please explain the source and the time period for the worksheet 7 information.
- c) Do the number of upgrades and downgrades from the October 1, 2005 list for Marina comport with the number of 3-digit upgrades and downgrades that are implicit on worksheet(s) 7? If not, please describe any differences.
- d) The movement of Las Cruces and Gary destinating mail to different ADCs is a type of change that does not appear to have been covered in your description of END. Is this type of change analyzed by the END process? If not, why not?
- e) Please describe in detail the type of analysis that does take place when making changes such as those made with the Las Cruces and Gary mail. Do changes such as those made at Las Cruces and Gary go through an AMP or AMP-type process with the same types of communications plans? When describing the process please be specific about how the service downgrades are weighed against the positive aspects of such a change.

RESPONSE

- a) The October 1, 2005 list covers more classes of mail than the collective worksheets within the AMP proposal.
- b) Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

RESPONSE TO APWU/USPS-T2-24 (continued)

- c) To the extent that “comport with” means to inquire whether the service standard changes in the October 1, 2005 are “consistent with” the series of service standards worksheets within the Marina AMP proposal, this statement can be confirmed. The October 1, 2005 list includes service standards changes for Periodicals, Standard Mail, and Package Services mail that follow from the same facility changes referenced in the worksheets.
- d) The ADC structure is part of the END baseline data. Changes in ADC assignments are considered maintenance of our current ADC network rather than part of the END transition process, however.
- e) Evaluation of potential changes in ADC assignments covers a variety of service related issues, most principally the comparative mail processing and transportation capabilities to the destination facility from the existing and the proposed ADCs. The service standards of each ADC are established, based on distance from all origin processing centers. In some cases moving to another ADC more proximate to a greater number of origins will result in more service standard upgrades than downgrades. However, we do not attempt to force mail into an ADC where it may not fit just because of its ADC service standards. The overarching concern with an ADC change is the mail flow from the ADC to the destination facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

RESPONSE TO APWU/USPS-T2-24 (continued)

Changes in ADC assignments go through an independent notification process. Internal and external customers are notified of changes to affected labeling lists via DMM update information posted in the Postal Bulletin, and other means of notification, including MTAC Service Standards memoranda of which the October 1, 2005 list is an example.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

APWU/USPS-T2-25

The Monmouth AMP is one of the ten AMPs that has been provided as an example of how the END process evaluations are conducted (pages 000097-000119 of Library Reference N2006-1/5). The following questions relate to the presentation on Worksheets 4 and 4a, of which there are 3 sets.

- a) The Monmouth side of worksheet 4 on page 000101 is labeled “SCF-077 Outgoing operations” and refers to current volumes. Does this side of the worksheet show all the originating Monmouth mail or does it show only the originating mail for zip code 077?
- b) Does the Kilmer side of worksheet 4 shown on page 000101 show only the operations that will be impacted by the Monmouth 077 originating mail that will be transferred to the Kilmer plant?
- c) The Monmouth side of worksheet 4a on page 000102 is labeled “SCF-077 Outgoing operations” and refers to proposed volumes. Are the mail volumes and hours that are shown on the Monmouth side of this worksheet related to originating mail that will remain at Monmouth or is it related to originating mail for Zip Code 087? Please note that the volumes shown for Monmouth on page 000102 match the volumes shown for Monmouth on worksheet 4 page 000103 which is labeled “Monmouth P&DC SCF-087 Outgoing Operations”.
- d) The Monmouth side of worksheet 4a on page 000104 relates to SCF-087 outgoing operations and shows all zeros for volumes and workhours. Does this mean that there will be no originating mail left at Monmouth after this transfer takes place?
- e) The left side of worksheet 4 on page 000105 is labeled “Monmouth P&DC SCF-087.” To what do the volumes and workhours on this sheet refer? Is this all destinating mail that is currently handled at Monmouth? Is it all of the destinating mail that is handled at Monmouth?
- f) The right side of worksheet 4 on page 000105 is labeled “Trenton P&DC”. To what do the hours and volumes refer on that side of the worksheet? Is this the current volume of all destinating mail at Trenton?
- g) There is still positive volume on the Monmouth side of worksheet 4a on page 000104. What mail will remain at Monmouth after the transfer to Kilmer and Trenton take place?
- h) This AMP calls for one type of Monmouth originating mail to transfer to Kilmer and another type of originating mail to transfer to Trenton. How are those two types of mail separated?

RESPONSE

- a) It shows all originating mail presently worked at Monmouth.
- b) Yes, along with downstream and subsequent handlings operations.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

RESPONSE TO APWU/USPS-T2-25 (continued)

- c) This is the 087 outgoing volume that remains to send to Trenton. Yes, that what it is. It was shown this way to reflect a two part move of the outgoing. First 077 originating mail to Kilmer and then 087 originating mail to Trenton. Page 4 is before and 4a is after. At the same time you must also show before and after each part of the move. This is the correct method to reflect such a two part move.
- d) Yes.
- e) Yes.
- f) This is the received operations of destinating volumes that was currently at Trenton without 087. (it includes downstream operations with subsequent handling operations).
- g) Incorrect. There is no Monmouth volume on worksheet 4A page 000104.
- h) By originating 3-digit, 077 originating mail goes to Kilmer and 087 originating mail goes to Trenton.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

APWU/USPS-T2-26

In looking at the comparison of Monmouth and Trenton cost estimates presented on worksheet 4 on page 000105 of N20006-1/5, the operations covered on the two sheets are virtually identical (the only difference is that Monmouth shows operations 117 and 122 while Trenton shows operations 115 and 124 however, the underlying activities for those operations appear to be the same.)

- a) Please confirm that the ratio of FHP to annual workhours for Monmouth is much higher than that for Trenton.
- b) Please confirm that the ratio of TPH to annual workhours for Monmouth is much higher than it is for Trenton.
- c) Please confirm that on worksheet 4a on page 000106 that the proposed ratios of FHP to annual workhours and TPH to annual workhours are lower for Monmouth after this transfer is made.
- d) Please confirm that on worksheet 4a on page 000106 that the proposed ratios of FHP to annual workhours and TPH to annual workhours are higher for Trenton after the transfer of mail is made.

RESPONSE

- a-d) Confirmed

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

APWU/USPS-T2-27

In looking at the Trenton side of worksheets 4 and 4a on pages 000103 and 000104, the FHP volumes remain the same after the transfer of mail from Monmouth to Trenton even though it appears that 74,655 FHP have been taken out of Monmouth. The TPH at Trenton declines from 514,711 to 445,508 after the transfer even though 179,611 pieces appear to have been transferred from Monmouth and the total number of workhours at Trenton has increased. Please explain these seeming inconsistencies.

RESPONSE

There is an inconsistency in the excel formula in cells in the FHP/TPH columns, however the work hours were accounted for. The increased work hours are attributed to the volume transfer of 74,655 FHP to Trenton. The errors in the volume formulas do not affect the cost/savings associated with the AMP as this is a direct result of the work hour column.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

APWU/USPS-T2-28

In Library Reference N2006-1/5 there are explanatory notes for the AMPs for Pasadena, Olympia, Marysville and Mojave. Are such explanatory notes available for the other AMPs presented in this package? If so please provide them.

RESPONSE

No such notes exist.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

APWU/USPS-T2-31

On page 000040 of N2006-1/5, one of the notes states “The TPH of 599,352 did not reflect the actual volume that would be processed in 060. It was written up in the notes but was not reflected on sheet 4a. The actual TPH volume for 060 should have been 2,928,963 pieces. Tacoma does not have available runtime on the AFSM100 to process all of the Olympia 331 volume. The Olympia 331 TPH volume of 5,862,254 pieces [sic]. The distribution will be as follows: op 331 1,940,750 pieces op 441- 1,588,004 op 060 – 2,333500.”

- a) Was the distribution at the bottom of this quote used in the cost calculations shown on Worksheet 4a on page 000030 or was the original TPH count of 599,352 for 060 used in those calculations?
- b) Please confirm that 060 is a manual sorting operation.
- c) Please confirm that based on R2005-1 data national outgoing primary productivity for the AFSM100 is more than 4 times that of manual outgoing primary productivity and almost 3 times that of outgoing primary productivity for operation 441. If you can not confirm, please provide the most recent productivities available for these operations.
- d) What has the USPS done or what will the USPS do to allow the Tacoma facility to process flats as productively as the Olympia facility?

RESPONSE

- a) There were changes made to the flat distribution after the notes were made and the changes were not reflected in the notes. The savings were based on these changes and not the notes.
- b) 060 is a manual sorting operation.
- c) Confirmed.
- d) The Western Area proposed an option to move all keying of flat mail on the FSM 1000 in Tacoma off the FSM 1000 to the manual operations and put the machinable volume from Olympia that could not be processed on the AFSM 100 in Tacoma, on the FSM 1000. This volume would be processed on the Automated Feeder on the FSM 1000. This option would actually result in less total work hours in all flat operations in Tacoma.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

APWU/USPS-T2-32 On page 000040 of N2006-1/5, one of the notes states “Western Area Change: Used BPI of 456 in place actual productivity of 199.”

- a) Please identify what is meant by “Western Area” in this comment.
- b) Please define actual productivity as referenced in this comment.
- c) Please define BPI as referenced in this comment.
- d) Was BPI used in all the current calculations (both for the consolidated facility and the receiving facility?) If not which current calculations was it used in?
- e) Was BPI used only in the worksheet using proposed volumes and hours?
- f) Was BPI used for both facilities or for only the receiving facility on worksheet 4a?
- g) What assumptions underlie BPI calculations for the Tacoma facility?
- h) Is there anywhere in N2006-1/3, Area Mail Processing Guidelines USPS Handbook PO-408, where managers completing AMPs are instructed to use BPI?
- i) Have managers been given those instructions through a different means? If so please identify the document or other means used to communicate that information.
- j) Was BPI used in lieu of actual productivities in any of the other AMPs presented in N2006-1/5? If so please identify which ones and where the BPI was used. In places where the BPI was used, was it used for both facilities or just for the receiving facility?

RESPONSE

- a) Western Area refers to management in the Postal Services’ Western Area Office.
- b) This is the productivity shown in MODS for the Tacoma 060 operation.
- c) BPI is the acronym for Breakthrough Productivity Initiative.
- d) MODS productivities were used but they are the same productivities used in BPI.
- e) MODS productivities were used.
- f) MOD Productivities were used.
- g) None.
- h) No.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

RESPONSE TO APWU/USPS-T2-32 (continued)

- i) No.
- j) MOD productivities were used. The reported productivity of 199 in Tacoma for 060 was not used, because it is believed to be the erroneous result of employees being improperly clocked into operations. The productivity used for 060 for this AMP was 456 PPH, which is the combined manual flat productivity for Tacoma. There is also an expectation of an increase in productivity in Tacoma due to the increase in 060 volume.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION**

APWU/USPS-T2-33

On page 000040 of N2006-1/5, one of the notes states "The current Tacoma 010 productivity is 1197 pieces per hours according to worksheet 4. When 010 volume is moved to Tacoma on worksheet 4a the 010 productivity is reduced to 725 pieces per hour. Using the current 010 productivity value the number of work hours necessary to process the 010 volume is 123 less than worksheet 4a."

What productivity number was actually used in the calculations of cost savings with respect to operation 010 worksheet 4 and worksheet 4a for both Olympia and Tacoma?

RESPONSE

The 010 TPH is worked at the Tacoma productivity of 1,197 and the proposed annual workhours on WS 4a is correct at 4,254. Because that 010 is an existing operation in Tacoma, and between 10% and 15% of operation 010 workhours are used in allied activities associated with setup and breakdown of the operation, an additional savings of 10% was assessed to the operation. In summary, Tacoma will only add 621 workhours to the 010 operation for a total of 4,131 workhours to process Olympia's volume. Note 7 should reflect a 1,197 productivity for Olympia's 010 volume processed in Tacoma.