

Before the  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Evolutionary Network Development  
Service Changes, 2006

)  
)

Docket No. N2006-1

REPLY BRIEF OF THE  
OFFICE OF THE CONSUMER ADVOCATE

APRIL E. BOSTON  
Officer of the Commission

KENNETH E. RICHARDSON  
Attorney

901 New York Ave., N.W. Suite 200  
Washington, D.C. 20268-0001  
(202) 789-6859; Fax (202) 789-6891  
e-mail: [richardsonke@prc.gov](mailto:richardsonke@prc.gov)

October 26, 2006

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	ARGUMENT.....	2
A.	The END Network Realignment Is a Proper Exercise of the Postal Service’s Responsibilities and is also subject to §3661.....	2
B.	The §3661 Filing Was Not Timely. ....	2
C.	The End Program as Administered is Deficient. ....	4
D.	The Postal Reorganization Act Applies to More Areas of Service than only 3-Digit ZIP-Code Pair Service Standards.....	7
E.	The Need to Increase Efficiency Is Recognized, but the END Process Fails to Adequately Consider Impacts on Service. ....	8
F.	The Post-Implementation Review (PIR) Measures of Impacts on Performance Standards are Deficient.....	10
G.	The RDC Process is Vague, Incomplete and Deficient. ....	11
III.	CONCLUSION .....	12

Before the  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Evolutionary Network Development  
Service Changes, 2006

)  
)

Docket No. N2006-1

REPLY BRIEF OF THE  
OFFICE OF THE CONSUMER ADVOCATE

I. INTRODUCTION

Initial briefs in this proceeding were filed on October 19, 2006 by the OCA, the United States Postal Service, the American Postal Workers Union, AFL-CIO, David B. Popkin and Douglas F. Carlson. This reply brief responds to the Postal Service's initial brief.

OCA's initial brief proposed to the Commission fifteen recommendations and procedures, based upon record evidence or the lack thereof, to advise the Postal Service about its END program. This reply brief will not reiterate OCA's arguments; instead this reply brief will respond to the misconception advanced in the Postal Service's initial brief that its END program is sufficient and satisfactory and conforms to the policies of the Postal Reorganization Act.

As noted in OCA's initial brief, the OCA recognizes that the Postal Service should be given the flexibility and authority to adjust its outdated operations and networks to meet its business needs and create cost savings and efficiencies, if it is to remain a viable and valuable institution. However, as a public institution with various government-provided monopoly benefits, the Postal Service must

bear a special responsibility to be accountable and transparent to all stakeholders and be sensitive to the needs of the communities it serves. (OCA Init. Br. at 2-3) OCA's proposed recommendations would further the twin goals of transparency and accountability.

## II. ARGUMENT

### A. The END Network Realignment Is a Proper Exercise of the Postal Service's Responsibilities and is also subject to §3661.

The Postal Service's initial brief discusses the END proposal in a general way. It claims the END realignment program is a proper exercise of postal management's responsibilities. (USPS Init. Br. at 1-7.) OCA agrees with the Postal Service that the END program falls within the Postal Service management's responsibilities. The END program will change the nationwide nature of service over a period of years and the Postal Service was therefore required by §3661 of the Postal Reorganization Act to file a proposal with this Commission to obtain advice.<sup>1</sup> To that extent, the OCA concurs with the Postal Service's view of its responsibilities under the Postal Reorganization Act.

### B. The §3661 Filing Was Not Timely.

The Postal Service's initial brief claims the timing of the filing of its proposal was within the Commission's rules. (USPS Init. Br. at 20-21.) OCA contends the filing was unreasonably near the time of the expected

---

<sup>1</sup> The Postal Service suggests in its initial brief that certain parts of the END program may not require a §3661 filing. (USPS Init. Br. at 23-24.) OCA respectfully disagrees. In fact, as OCA contends in its initial brief, a further §3661 filing is necessary to review a finalized RDC activation proposal.

implementation and start-up of the first END-related consolidations, if not filed after the time of implementation, and therefore, untimely. For instance, the Postal Service's initial brief cites the list of 41 potential consolidations filed by the Postal Service with the testimony accompanying its initial Request for an Advisory Opinion. (USPS Williams, Attachment.) The initial brief states, "To-date, implementation of only one of the Area Mail Processing (AMP) operation consolidation opportunities listed in the Attachment to USPS-T-2 has been initiated. See USPS LR-N2006-1/4." (USPS Init. Br. at 20-21.) It is misleading to cite to that list as evidence of timely compliance with the Commission's filing Rules 72 for this case. The Postal Service's initial brief ignores the implementation of most of the 10 AMPs included in LR-N2006-1/5 which were almost entirely implemented prior to the hearing in this case. (Tr. 2/355, see OCA Init. Br. at 21-22.) The Postal Service brief goes on to conclude, "In any event, the record is clear: no END-related operational changes that could have resulted in service changes were initiated earlier than 90 days after the February 14, 2006, filing of the Docket No. N2006-1 request." (USPS Init. Br. at 21.) Again, this disregards the implementation of most of the consolidations of the ten AMPs included in LR-N2006-1/5.<sup>2</sup>

---

<sup>2</sup> By the Postal Service's focusing, at times, on the service changes for 3-digit Zip-Code pairs, it appears that it may be drawing a distinction that the first 10 AMPs did not involve changes in service standards. However, that is not the case as a summary review of the worksheets in library reference 5 demonstrates those AMPs involved changes to 3-digit ZIP-Code pair performance standards. Alternatively, perhaps the Postal Service is suggesting that the changes in the 3-digit ZIP-Code service standards are not officially implemented until the quarterly service standard up-date is published, even though the service standards resulting from the consolidation changed when the consolidation was implemented. (See USPS Init. Br. at 8-9.) If so, that would be a specious distinction as it is the actual service provided, not the official performance standards, that are important in this proceeding.

C. The End Program as Administered is Deficient.

OCA does not agree that the END proposal as it exists today is completely satisfactory. It does not fully meet the Postal Service's statutory responsibilities. In the first place, OCA disagrees with the Postal Service's claim that the Area Mail Processing (AMP) review procedures provide a sound basis for decision-making. As OCA discussed at length in its initial brief, there are several matters within the END program that need significant improvement for sound decision-making in order to comply with the policies of the PRA.

The Postal Service claims "extraordinary processes" have been established for public notice and public input. (USPS Init. Br. at 10.) That simply is not the case. The Postal Service's initial brief does not sufficiently justify procedures that were questioned by the interrogatories and the oral cross-examination in this case. For instance, although notification to the public of proposed AMPs has been improved in the Postal Service's written instructions provided for the record, the opportunity for early and easier meaningful customer and community input must also be included in the process.

The Postal Service brief suggests that its dissemination of public information exceeds the legal requirement. ("the Postal Service is not required by law to notify the public or solicit comment." (USPS Init. Br. at 10-11.)) The Postal Service may be correct about the letter of the law, but it is not correct about the spirit of the law which contemplates that the Postal Service, as a public institution, should foster transparency by informing the public and soliciting

comment from the public about significant potential actions that will impact service, particularly when that impact is nationwide or part of a nationwide program.

OCA noted in its initial brief that several interested groups, including congressional representatives, local public officials, the Government Accountability Office (GAO), the USPS Office of Inspector General (OIG), employees, business mailers and consumers, have sought more transparency from the Postal Service on its realignment program. In order for the program to be successful, the Postal Service must go beyond a strict interpretation of the “letter of the law,” and establish a climate that will not only permit and encourage, but will accept and include valuable stakeholder input. As the GAO noted, “To achieve its realignment goals of an efficient and flexible network, the Postal Service will have to have a strategy that is both transparent and accountable.” (GAO report, USPS-LR-N2006-1/7 at 58.) In addition, both the House and Senate versions of the proposed postal reform legislation included specific provisions regarding the Postal Service’s network realignment to ensure the Postal Service informs the Congress and others about its efforts to improve operational efficiency and eliminate excess capacity, meet customers’ needs, and to establish performance goals and standards. Floor debate indicated specific concern about the continuing lack of transparency to the public about the Postal Service’s consolidation plans. (OCA Init. Br. at 3)

A report of the Committee on Government Affairs, which accompanied the 2004 postal reform legislation, aptly summarized the need for transparency and public input:

It is vitally important that the Postal Service go about its facilities realignment in the most transparent manner possible. Transparency will [sic] make it possible for those affected by the Postal Service's actions to see the connection between those actions and the need to preserve the vital services the Postal Service provides. (OCA Initial Brief at 76)

Unless the Postal Service provides, at the outset, sufficient information regarding a planned or potential consolidation, the public and other stakeholders will be foreclosed from providing meaningful comments and input. Thus, the opportunity for public input would be thwarted. Continuing that course of action will merely extend the public's and public officials' outcry for access to better information.

To the extent the Postal Service can improve its processes, the Postal Service should endeavor to do so, and seriously consider, as appropriate, the suggestions for improved communication with the public proposed by APWU witness Yao in this proceeding. (APWU witness Yao (T-1).) Coincident with increased transparency is the obligation of all levels of the Postal Service's management to consider public input seriously when deciding upon an AMP consolidation or the activation of a Regional Distribution Center (RDC). (OCA Init. Br. at 9, 46.)

Thus, while the Postal Service may claim that it is meeting the letter of the PRA in the amount of information that it disseminates, the Postal Service is not

satisfying the spirit of the law.<sup>3</sup> The Commission should recommend to the Postal Service that it promote further transparency of this program. The Postal Service should provide details about potential consolidations and facts reasonably necessary for an informed public to adequately comment intelligently on AMP and RDC proposals.

D. The Postal Reorganization Act Applies to More Areas of Service than only 3-Digit ZIP-Code Pair Service Standards.

The Postal Service says the “critical question before the Commission” is whether the nature of the service afforded each mail class affected by END, after changes in upgrades and downgrades, conforms to the policies of the Act. (USPS Init. Br. at 24.) As we understand it, the END proposal would affect all classes of mail except Express Mail. We agree that the question is whether the nature of the service will conform to the policies of the PRA.

However, of critical importance is the need for management to consider the impact of changes in service to customers and to communities in addition to the impact of changes in 3-digit ZIP-Code pair service standards. Other service obligations must also be considered and weighed in the process. When rendering advice, the Commission should determine whether the changed service, taken in its entirety, will conform to the policies of the Act. (See OCA Br. at 5-6, 19-20.)

---

<sup>3</sup> The Postal Service also points to the AMP Handbook PO-408 as evidence that the Postal Service has been abiding by its commitment to keep the public informed. (USPS Init. Br. at 11-12.) The record in this case simply belies that claim. The Handbook does not go far enough and the input provided pursuant to that Handbook’s provisions can only be cursory, at best.

The Postal Service has not demonstrated that, if it follows the practices and procedures currently proposed for the END program, the nature of the service afforded to each class of mail after consolidation will conform to the policies of the Act. The Commission should recommend the Postal Service take sufficient steps to assure that all aspects of service are considered in the END process. The Commission should also recommend that the Postal Service take steps to assure service is provided as anticipated during the planning process when measured by the post-implementation review (PIR) and service performance data.

E. The Need to Increase Efficiency Is Recognized, but the END Process Fails to Adequately Consider Impacts on Service.

The Postal Service defends the service changes caused by the END process, claiming they result from rational plans to improve efficiency. (USPS-Init. Br. at 24-28.) OCA does not contest the need to improve the Postal Service's efficiency. OCA recognizes that some 3-digit ZIP-Code pair service standards will need to be adjusted as a result of the consolidations. This is appropriate as long as the Postal Service consistently complies with its guidelines when adjusting the standards for particular 3-digit ZIP-Code pairs and also makes an effort to minimize downgrades in service resulting from consolidations. However, other impacts on service will also result from the AMP changes. There have been impacts on collection mail pickup. For instance, after previous AMP consolidations, last collection box pickup time changes resulted

from the Marina, Olympia, and Greensburg consolidations.<sup>4</sup> There have also been service disruptions due to changes in the business mail entry unit locations.

The Postal Service does not have any guidelines or even directives or policies for approving an AMP where there is a certain impact on collection box pickup times. (Tr. 3/573-574). The Postal Service has *not* demonstrated that these negative impacts are carefully estimated or analyzed by the AMP process or by the PIRs. The worksheets for the AMP process, and which are also used for the PIRs, do not provide for the analysis of these potential service impacts.

Lastly, the monitoring of delivery service performance or time-in-transit for different mail classes resulting directly from consolidations is not measured in the context of consolidations but “by reliance on different postal data systems...” (USPS Init. Br. at 9.) The Postal Service measures only limited aspects of its service performance and then only for some of its mail classes. Unless the impact on service performance is measured in the context of a consolidation, the success of an individual consolidation cannot be determined. Thus, the OCA disagrees with the Postal Service that the Postal Service has been vigilant about these other service impacts in the past, and it has not shown that it will be vigilant in the future about the specific impacts of consolidations. (USPS Init. Br. 22-23.)

The Postal Service suggests that if operational changes in collection box times or back-of-the-house operations do not lead to a change in service

---

<sup>4</sup> Tr. 3/571-574; DBP/USPS-42, Tr. 3/801; DFC/USPS-7, Tr. 3/954; OCA Init. Br. at 58.

standards, then there is no change in service for purposes of §3661.<sup>5</sup> OCA is not concerned in this proceeding about alterations to back-of-the-house operations or other operational changes except when the activity effects changes in nationwide service. The AMP consolidations have an impact on nationwide service and promise to have an impact in the future.<sup>6</sup> The Postal Service recognizes “it is appropriate under the circumstances of the request before it, for the Commission to assume that the END initiative could result in substantially nationwide changes for affected mail classes.” (USPS Init. Br. 25-26.) The OCA agrees with this conclusion; that there will be nationwide changes in service has been the assumption underlying this proceeding.

F. The Post-Implementation Review (PIR) Measures of Impacts on Performance Standards are Deficient.

Another area of the END program that has fallen short is the Postal Service’s compliance with its own post-implementation review (PIR) procedures. The Postal Service’s initial brief fails to note the shortcomings of the PIR process and it does not propose adequate internal procedures to assure that future reviews will be, 1) carried out; and 2) carried out in a meaningful way to measure

---

<sup>5</sup> “When such operational variations are not accompanied by changes in otherwise applicable service standard definitions for affected origins and destinations, there is no change in the nature of the postal *service* being provided.” (USPS Init. Br. at 24.)

<sup>6</sup> The Postal Service asks the Commission to conclude that the establishment of DPCs (Delivery Processing Centers) may result in a nationwide change in operations, but not a nationwide change in service. (USPS Init. Br. at 24.) The record in this case demonstrates the consolidations discussed in the record will, or certainly may, all involve changes in service to customers and communities. Establishing DPCs may impact the performance standards for 3-digit ZIP-Code pairs and could also impact other service performance. The record does not distinguish the potential impacts for consolidated DPC and other facilities. Thus, DPCs will fall under the provisions of §3661 regarding nationwide changes in service.

the impacts on communities and customers and to remedy service impacts as may be necessary. The OCA brief offers recommendations to remedy the PRI problems. (See OCA Init. Br. at 53-60.)

G. The RDC Process is Vague, Incomplete and Deficient.

The Postal Service only briefly touches on the RDC activation process, claiming that it, as well as the AMP input procedures, provide “Opportunities for Mailers to Communicate Concerns” (USPS Init. Br. at 12) noting,

A public communication process designed for RDC activations will disseminate information through the public media and other means to the general mailing public and other stakeholders in the planned RDC service area to direct their attention to information in the website posting regarding any planned service changes, including a summary description of the network and service standard changes expected in the service area of the planned RDC, a summary of the anticipated schedule for implementation of such changes, and related information.

OCA’s initial brief discussed the vague, incomplete and deficient RDC activation and communication plans. (OCA Init. Br. at 61-70.) The Postal Service brief does not ease concerns that the RDC process is only vaguely defined and not ready for Commission review under §3661. The Postal Service brief claims that the number of RDCs may be as low as 28 and as many as 100, depending on a variety of factors. (USPS Init. Br. at 5.) This broad range suggests that the “variety of factors” have not yet been finalized or assessed and that the Postal Service needs to provide the Commission with much greater detail before the Commission can properly advise the Postal Service about this portion of the END process.

### III. CONCLUSION

The OCA's initial brief proposed fifteen recommendations and procedures for the Commission to advise and monitor the END program. (OCA Init. Br. at 79-80.) Nothing in the Postal Service's initial brief alters those recommendations. The Commission should therefore recommend to the Postal Service the fifteen recommendations and the procedures included in OCA's initial brief as part of its advisory opinion in this proceeding.

Respectfully submitted,

---

APRIL E. BOSTON  
Officer of the Commission

KENNETH E. RICHARDSON  
Attorney

901 New York Ave., N.W. Suite 200  
Washington, D.C. 20268-0001  
(202) 789-6859; Fax (202) 789-6891  
e-mail: [richardsonke@prc.gov](mailto:richardsonke@prc.gov)