

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

SIX-DAY TO FIVE-DAY STREET DELIVERY
AND RELATED SERVICE CHANGES

DOCKET NO. N2010-1

DAVID B. POPKIN MOTION TO COMPEL RESPONSE TO INTERROGATORY
DBP/USPS-21

I move to compel a response to the questions posed in the interrogatory submitted to the United States Postal Service.

May 11, 2010

Respectfully submitted,

N20101MTC21

DAVID B. POPKIN, POST OFFICE BOX 528, ENGLEWOOD, NJ 07631-0528

On April 13, 2010, I submitted Interrogatory DBP/USPS-21. On April 28, 2010, the Postal Service filed a response to this interrogatory.

The interrogatory and the Postal Service's response read as follows:

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN**

DBP/USPS-21

[a] Please confirm, or explain if you are unable to confirm, that the Postal Service is proposing to eliminate outgoing mail processing [except for Express Mail] on Saturday which includes the collection of mail from delivery customer locations, blue collection boxes, and post offices; the local preparation of the mail; transportation to the plant, and mail processing at the plant.

[b] Please advise any other activities that are related to the elimination of outgoing mail processing on Saturday.

[c] What is the total annual savings for this entire function?

[d] Provide a breakdown of the separate functions that combine to the total provided in response to subpart [c].

[e] What is the total annual cost for providing all of the above related functions for

the processing of outgoing Express Mail on Saturday?

[f] Provide a breakdown of the separate functions that combine to the total provided in response to subpart [e].

[g] What would the added annual cost be to make a normal Saturday collection from blue collection boxes?

[h] What would the added annual cost be to make a Saturday collection from the blue collection boxes located in front of postal facilities?

[i] What would the added annual cost be to make a Saturday collection from the blue collection boxes located in front of main office only postal facilities?

[j] What would the added annual cost be to make a Saturday collection from the lobby drops located in postal facilities?

[k] What would the added annual cost be for local preparation of the mail acquired by each of the scenarios noted in each of the subparts [g] through [j] as well as mail received over the local retail window?

[l] What would the added annual cost be for the transportation to the plant of the mail acquired by each of the scenarios noted in each of the subparts [g] through [j] as well as mail received over the local retail window?

[m] What would the added annual cost be for the operation of the plant to process the mail acquired by each of the scenarios noted in each of the subparts [g] through [j] as well as mail received over the local retail window?

[n] What would the added annual cost be for any added costs that are necessary on Sunday or Monday due to the failure to complete certain actions on Saturday, for example, presently some offices will make an early morning collection on the Tuesday following a Monday holiday? Please enumerate what these added costs would be caused by and the individual costs.

[o] Please provide, in detail, how each of the cost figures above was calculated.

RESPONSE to DBP/USPS-21

a. The Postal Service has proposed eliminating Saturday delivery and outgoing sorting on Saturdays, as described by witnesses Pulcrano, USPS-T-1, Granholm, USPS-T-3, Neri, USPS-T-4 and Grossmann, USPS-T-5. The operational analysis supporting the cost savings contemplated general operational changes including those on the supplied list. Within its comprehensive proposal, however, the Postal Service had no need to identify each particular operational change as relating exclusively to a particular aspect of the overall set of service changes, as the Postal Service's proposal is supported by a comprehensive set of estimated cost savings.

b. For a discussion of the anticipated changes in mail processing operations, please see the testimony of witness Neri, USPS-T-4. For a discussion of the anticipated changes in delivery operations, please see the testimony of witness Granholm, USPS-T-3, and for a discussion anticipated changes in transportation, please see the testimony of witness Grossmann, USPS-T-5.

c. The "entire function" described in the question includes some mail processing, some transportation and some delivery activities. As explained in the response to DFC/USPS-T2-3 (redirected from witness Corbett to the Postal Service), the Postal Service has not conducted the alternative detailed operational analyses

- that would be necessary to provide an estimate for any alternative service change scenarios, including the one posed in this question.
- d. Please see the answer to part (c) above.
 - e. Please see the answer to part (c) above
 - f. Please see the answer to part (c) above
 - g.-m. The Postal Service has not studied these alternatives and does not have the requested cost estimates. See the Postal Service's response to DFC/USPS-T2-3 (redirected from witness Corbett).
 - n. The Postal Service does not anticipate any systemic failures to complete actions on Saturdays in a five-day environment, hence it anticipates that except in isolated and unpredictable instances, there will be no such costs added to Monday or Tuesday. This is not to say that there will be no additional costs occurring on Monday as a result of the movement to five-day delivery. One example was noted by witness Granholm, USPS-T-3 at 17-18, suggesting that additional Monday collections may be needed. As indicated in USPS-LR-N2010-1/3, page 6 "241,625 city carrier work hours were added back to cover the time that may be necessary to perform limited collections during a weekend or early collections on Mondays, or Tuesday after a holiday." Given the city carrier wage for FY 2009 for full-time city carriers of \$41.74 (see Colvin, USPS-T-7, Attachment 1) and also \$106.70 of service wide benefits per \$1000 of salary and benefits (see Colvin, USPS-T-7 at 8) this is an additional cost of \$11.161 million. The second "added cost" is identified by witness Neri, USPS-T-4 at 17, where he says "The processing of mail for delivery on the day after a holiday, especially when the holiday falls on a Friday, Saturday or Monday, will require additional workhours." The specific hours are 110,404 clerk and mail handler and 10,404 supervisor hours. Applying the calculations provided by witness Colvin, USPS-T-7 at 14, Table 4, the annual cost is \$5.427 million.
 - o. See response to part (n).
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Discussion

The Postal Service's plan for five-day service proposes to eliminate two different and largely independent services on Saturdays: carrier delivery of incoming mail and collection and processing of outgoing mail. The Postal Service acknowledged that it could still enjoy 75 to 85 percent of the estimated \$3.3 billion in savings from its five-day plan if it continued to have full collections and process outgoing mail on Saturdays.¹ The Postal Service has not presented any information indicating that the public agrees with the elimination of collection and processing of outgoing mail if eliminating this

¹ Response to DFC/USPS-T2-3, filed April 15, 2010.

service would contribute only 15 to 25 percent of the savings from the unprecedented service reduction that the Postal Service proposes.²

Congress required the Postal Service to seek an advisory opinion from the Commission before implementing a change such as the one the Postal Service proposes now because Congress understood that a hearing on the record, conducted by a commission with expertise in postal matters, could provide valuable advice, suggestions, and input to the Postal Service. Participants in this proceeding therefore are entitled to support, to oppose, *and to present alternatives* to the plan that the Postal Service has presented.

The Postal Service's estimate that it would still save 75 to 85 percent of the \$3.3 billion in projected savings if it continued to make full collections and process outgoing mail on Saturdays presumably considered the current processing environment. In reality, if the Postal Service stopped carrier delivery on Saturdays but continued to collect and process outgoing mail, mail volume on Saturdays would decline because carriers would not be collecting outgoing mail from homes and businesses on their routes. Distance and volume probably are the two largest factors in determining whether plant consolidations on Saturdays are possible. If collection volume declined, more consolidations likely would be possible on Saturdays.

It should be noted that all of these scenarios are requesting an added cost since the Postal Service will already be performing them for Express Mail. The individual data for each of the scenarios is needed so that the best alternative can be proposed based on its cost vs. level of service.

² See, e.g., Response to DFC/USPS-T1-5, filed May 4, 2010.

Participants are entitled to develop evidence concerning the potential cost savings of the different levels of collections on Saturdays. This evidence could be critical to maintaining a fundamental postal service. The Postal Service has exclusive control over this information and does not publish it or share it with the public. The presiding officer should direct the Postal Service to provide available estimates of savings, regardless of the location of the office in which the information resides, to enable participants to understand the magnitude of savings from different levels of Saturday collections along with the transportation and mail processing.

Without information on the magnitude of cost savings from the various levels of Saturday collections, participants may be unable to present meaningful evidence on this subject. Information responsive to DBP/USPS-21 surely exists. However, in the unlikely event that it does not exist, reasonable estimates along with the details of their calculation could be developed. The effort in developing responsive information would be entirely justified to ensure that the reduction in service that the Postal Service proposes undergoes rigorous scrutiny, including evaluation of reasonable alternatives.

Therefore, pursuant to rule 26(d), I move to compel a responsive answer.

For the reasons stated, I move to compel response to the referenced interrogatory since it is reasonably calculated to lead to the discovery of admissible evidence.