

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

MAIL PROCESSING NETWORK
RATIONALIZATION SERVICE CHANGES, 2012

Docket No. N2012-1

INTERROGATORIES OF THE AMERICAN POSTAL WORKERS UNION, AFL-CIO
TO USPS WITNESS EMILY R. ROSENBERG
(APWU/USPS-T3-1-19)
(December 29, 2011)

Pursuant to Rules 25 through 28 of the Rules of Practice, American Postal Workers Union, AFL-CIO directs the following interrogatories to United States Postal Service witness Emily R. Rosenberg (USPS-T-3). If the witness is unable to respond to any interrogatory, APWU requests that a response be provided by an appropriate person capable of providing an answer.

Instructions and Definitions applicable to these Interrogatories are contained in the Interrogatories of the American Postal Workers Union, AFL-CIO to the United States Postal Service witness David E. Williams (APWU/USPS-T1-1-4), filed on December 22, 2011, and are hereby incorporated by reference.

Respectfully submitted,

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APWU/USPS-T3-1 On page 4 of your testimony you state that “initial modeling efforts focus on the processing of letter volume when considering the establishment of a more efficient set of operating windows under new service standards.” Was the most important aspect of the concept underpinning the model the full utilization of Postal Service mail sorting equipment? If not, please more precisely describe what was being maximized in this model.

APWU/USPS-T3-2 Did any of your modeling efforts focus on minimizing the processing footprint given the current service standards? If so, what did those modeling efforts show? If minimizing the processing footprint given the current service standards was not examined in your modeling, please explain why this was not done.

APWU/USPS-T3-3 On page 6 of your testimony you state that the FY2010 MODS workload was spread evenly across the 3,119,884.69 square miles of the 48 contiguous states of the United States.

- a) This would seem to indicate that you did not use actual 3-digit pair volume to determine the actual origin-destination distribution of the mail volume. Is that correct?
- b) Was the volume also assumed to be spread evenly over the year?
- c) Why were the even workload assumptions made?
- d) If workload was not even either geographically or over time, wouldn't that impact the processing time windows being tested? If not, why not?

APWU/USPS-T3-4 On page 8 of your testimony you state that delivery points over 66 miles away were consolidated at an intermediate hub location but also state that decisions regarding how to route local transportation will be made at the local area through the AMP process.

- a) Footnote 7 states that the 66 miles was chosen based on a sensitivity analysis that included an 8 hour operating tour, a zero trip cost and a minimum building size of 21, 265 square feet but that these were not steadfast rules being employed in the final network design. Was the 66 miles used as a parameter in guiding the final design or was it simply used as part of an exercise in testing how processing window length could relate to ultimate service standard design?
- b) What is the average square footage of the Postal Service's current P&DCs?
- c) In your modeling exercise what type of facility was being used as a hub? Was this type of facility engaged in mail processing or was it just a cross docking location?
- d) Does the Postal Service currently use a hub and spoke system or is it a hybrid system which uses some hub and spoke consolidation but also includes direct transportation runs for high volume pairs?
- e) Is the proposed network a strict hub and spoke system or a hybrid system?

APWU/USPS-T3-5 On page 11 of your testimony you state, “the Excel tool is a rational way of developing a starting point for discussion to illustrate the opportunities presented by relaxing service standards.” Can this model be used to look at options that maintain current service standards while changing other parameters?

APWU/USPS-T3-6 On page 12 of your testimony you state, “the operating windows were used in conjunction with MODS FY2010 workload to determine the configuration of the mail processing network under the proposed service standards.”

- a) Please confirm that the configuration of mail processing locations that came from this modeling exercise is predicated on the relaxed service standards being in place. Please explain any answer other than an unqualified confirmed.
- b) Was this model ever used to estimate a configuration of mail processing locations that assumes the current service standards remain in place? If so, what was the outcome of that modeling exercise?

APWU/USPS-T3-7 On page 12 of your testimony you indicate that the FY2010 MODS workload was also used in this modeling of the configuration of the network.

- a) Did this also assume evenly distributed workload both geographically and over time or did it use the actual volumes for each 3-digit origin-destination pair?
- b) If the latter was used, did it break the workload down by shape and type or use a gross volume number between geographic locations?

APWU/USPS-T3-8 On page 14 of your testimony you state “No capital investments were allowed in the model in light of the Postal Service’s current cash flow situation.” Was this model ever tested to see if a more efficient configuration could be achieved if some level of capital investment was allowed? If not, could this model be used to test that?

APWU/USPS-T3-9 On page 16 of your testimony you state that the variable portion of the transportation costs was set to \$1.82 per mile based on “lessons learned and refined assumptions.”

- a) Please identify with specificity the “lessons learned and refined assumptions” and how those lessons and assumptions were used to calculate these transportation costs.
- b) You also state a fixed \$100 per plant lane was added to reflect more accurately the cost of local transportation. How was that number determined?

APWU/USPS-T3-10 You state on page 16 that based “on Logic Net’s transportation cost algorithm, the \$100 per lane assumption most accurately represented the current ratio of transportation cost to mail processing cost.”

- a) What period of time does “current” refer to in this statement?
- b) If transportation and mail processing costs were different from the current ratio would that cause a change in the configuration of the proposed network?
- c) Would you agree that Logic Net trades off transportation costs and plant node costs to determine the configuration of plants?
- d) Was this model also used to test configurations of transportation and mail processing costs that were likely under the terms of the most recent APWU contract? If so, how did the configuration of that network differ from the one that resulted from the “current ratio?”

APWU/USPS-T3-11 On page 16 of your testimony you state that if a “facility had no cancellation equipment, its production capacities for cancellation were cut by 67 percent to allow for additional travel time to be transported to an automated cancellation facility.”

- a) This seems to assume that transportation costs are always cheaper than buying or moving a cancellation machine to the plant location. Is that the assumption in the model?
- b) Did this model assume that each mail processing location could only use the fixed equipment that was already in place? If not, what was the assumption about the mail processing equipment at this step in the analysis?

APWU/USPS-T3-12 Pages 17-20 of your testimony describe the process whereby 61 of the locations activated in the modeling scenario were replaced with 71 locations chosen because of area specific knowledge. On page 20, you state that “Western Area mail processing and transportation managers preferred to relax the 200-mile distance constraint so as to reduce the number of smaller processing centers in more remote locations.”

- a) What factors were considered in relaxing the 200-mile distance constraint?
- b) Was the potential impact of bad weather in those locations one of the factors that was considered in that analysis?
- c) Why did the mail processing and transportation managers consider smaller plants to be less desirable than larger plants?

APWU/USPS-T3-13 On page 21 of your testimony you state that origin mail arrival profiles were used to generate the proposed equipment sets for each location.

- a) Identify the steps for generating these volume profiles by location.
- b) Was a separate volume profile generated for each class and shape of mail at each location?
- c) Did the process for generating the volume profiles use FY2010 volumes for the specific 3-digit zip codes assigned to each processing location and sum them?
- d) What consideration was given to the possibility that mailer behaviors would change in response to the revised service standards and thus potentially produce a completely different mail volume profile including days with larger mail volumes than are currently seen?

APWU/USPS-T3-14 On page 21 of your testimony you state that peak volumes for the AFCS were set at the 75th percentile of FY 2010 because there is room to expand the processing window but set at 95th percentile of FY2010 data for DBCS because the processing window could not be expanded.

- a) How was it decided that the peak capacity could be set at 95 percent of the 2010 volumes? Was this set below 100 percent because the service standards had been relaxed?
- b) Was any equipment redundancy built in to maintain the reduced service standards in case of machine breakdowns or other unexpected circumstances? i.e. what assumptions were used to ensure that there was enough capacity to improve the consistency of meeting the service standards?

APWU/USPS-T3-15 On pages 23 of your testimony you state that certain volumes had to be achieved before an AFCS or a DBCS machine was earned for the site.

- a) If a site did not “earn” an AFCS does that mean it is not assumed to process mail requiring cancellation or does it assume the mail will be transferred to a different facility for cancellation and then returned to be processed?
- b) If a site did not “earn” a DBCS, does that mean that site does not process letter mail? If so, what happens to the letter mail from the 3-digit ZIP codes associated with that site?
- c) Please explain more precisely the assumptions that were used when a facility was determined to not have enough floor space to accommodate all the equipment this analysis assigned? How many facilities fit that situation?

APWU/USPS-T3-16 Various throughputs were calculated from WebEOR data to determine the productivity of each of the machines.

- a) Were the throughputs based on averages for the machines over all plants?
- b) Was any consideration given to variations in throughputs by plant size?
- c) Was any correction made for the possibility that the reported throughput numbers were partly impacted by relatively low mail volumes?

APWU/USPS-T3-17 On page 34 of your testimony you state that some mail processing facilities in the proposed network would be dedicated to sorting a single product while other locations may process letters, flats, bundles and/or parcels. Was any consideration given to the possibility that customers might prefer to drop all their mail shapes at one facility rather than have to drop them at separate facilities? If so, how was that modeled?

APWU/USPS-T3-18 Aside from DPS, what can DBCS be utilized for?

APWU/USPS-T3-19 On page 2 of your testimony you state “this downtime creates unused capacity in the network which can only be reduced through the relaxation of service standards.” What led you to conclude that the relaxation of current service standards was the only way to reduce the unused capacity?