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POSTAL REGULATORY COMMISSION
Washington, DC 20268-0001

Mail Processing Network Rationalization Service Changes, 2012	))))	Docket No. N2012-1

STATEMENT OF THE
NATIONAL POSTAL MAIL HANDLERS UNION REGARDING TIMELINES FOR THE COMPLETION OF DISCOVERY ON THE POSTAL SERVICE'S DIRECT CASE AND THE SUBMISSION OF REBUTTAL TESTIMONY

The National Postal Mail Handlers Union ("NPMHU") hereby submits this statement of its position regarding the timelines for the completion of discovery on the Postal Service's direct case and the submission of rebuttal testimony in this docket, pursuant to the Commission's directions at the pre-hearing conference held on January 4, 2012.

The Postal Service has asked the Commission to issue an advisory opinion giving its stamp of approval to a Postal Service plan to "eliminate the expectation of overnight service for significant portions of First-Class Mail and Periodicals" and to increase delivery times for such mail, in order to "allow for a significant consolidation of the Postal Service's mail processing and transportation networks . . . with concomitant substantial costs savings." Request, Dckt. N2012-1 at 1-2. The motivating factor for this change is stated in plain terms in the Postal Service's filing: "eliminating overnight service . . . could generate a net improvement to postal finances of approximately $2.1 billion on an annual basis," which "constitutes an opportunity for such a substantial

improvement in financial stability that the Board of Governors of the United States Postal Service has directed postal management to pursue expeditious implementation of the service and operational changes to hasten the time when full savings from the initiative can be realized." *Id*. at 4.

Thus, it simply is not true—as the Postal Service suggested at the January 4 pre-hearing conference—that the Commission's role in this proceeding is limited to assessing and opining on the issue of whether the proposed degradation in service standards are lawful and justifiable when viewed in isolation. The Postal Service does not seek to degrade its service standards as an *end* that is desirable in and of itself, but rather does so expressly as a *means* of achieving cost savings. That being so, the Commission's role in this proceeding properly extends to opining on whether the Postal Service's proposal has properly projected and balanced the fiscal benefits of its proposal against the cost to the American public and the efficiency of the Postal Service.

By the same token, a fair hearing of this matter requires that the Commission and the intervening parties have access to what reasonably might be adjudged to constitute a "critical mass" of the facility-specific Area Mail Processing (AMP) feasibility studies that are currently in progress. That is so because—as the Postal Service's own witnesses acknowledge—it is these facility-specific AMP studies that will ultimately determine to what extent the Service's proposed consolidation and "rationalization" of its mail processing network is feasible, and to what extent the costs savings that the Service hopes to achieve through that network consolidation and "rationalization" are realistic. As witness after witness for the Postal Service has testified, until these AMP

studies are completed, even the Postal Service itself cannot say what the consolidated and "rationalized" mail processing network will look like and to what extent the projected savings from that consolidation and "rationalization" of the network are likely to be realized.[1]

Indeed, given the radical nature of the proposed restructuring of the network, which would leave large swaths of country with no mail processing facility, it would hardly be surprising if the Postal Service were to conclude that some substantial number of the proposed consolidations currently under AMP review are infeasible and will not be pursued, which would of course whittle away the projected cost savings.[2]

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[1] *See, e.g.*, USPS-T-1 at 6 & 17 n.18 (noting that the purpose of the AMP studies is "to validate the feasibility of implementing each consolidation proposal as part of a system wide network redesign," and that against this background "[i]t cannot be overemphasized that the degree to which service standards will actually change depends upon . . . the outcome of . . . each AMP study"); USPS-T-3 (Rosenberg) at 36-37 ("The AMP process . . . will provide the foundation for making the decision on whether to move forward with any given facility-specific operational consolidation"); T-3 (Rosenberg) at 8 (noting that, although model used assumes intermediate collection hubs for mail consolidation, actual "decisions regarding how to route local transportation will be made at the local level through the Area Mail Processing (AMP) analysis"); USPS-T-4 (Neri) at 14 ("The Postal Service intends to use the AMP process as a vital decision-making tool in support of its Mail Processing Network Rationalization Service Changes"); T-4 at 30 ("specifi. . . staffing reductions will not be known until all AMP feasibility studies are completed and approved"); USPS-T-8 (Rachel) at 15 ("Many aspects of the Network Rationalization Initiative are still being developed. As the initiative proceeds and as the [AMP] review of specific facilities for possible closure continues, the potential impact to complement will become more clear"); T-8 at 16, 18 ("It is difficult to assess the ultimate impact to complement prior to decisions being made regarding specific plant closings. . . . As impacted sites are finalized . . . I anticipate that the Postal Service will have greater clarity on how rapidly the full workforce savings can be achieved"); USPS-T-6 (Martin) at 12-13 ("The facility-specific AMP process will ultimately determine the [operating miles and concomitant cost] reductions that will occur . . . .").

[2] The testimony of Susan LaChance, USPS-T-13 at 6, references the Postal Service's website http://about.usps.com/streamlining-operations/area-mail-processing.htm. This website includes copies of presentations made at various public meetings relating to potential facility closures, each of which contains an identical map of the network that

Yet notwithstanding the pivotal role that--by the Postal Service's own admission--these AMP studies play in the proposed network realignment, the Postal Service has provided no timetable whatsoever for the completion of those studies; nor has it committed to making those studies available in the record of this proceeding upon their completion. To the contrary, all that the Postal Service was prepared to say on this issue at the January 4 pre-hearing conference was that "we can anticipate" that "a number" of the AMP decisions "may be made and announced" within the next "several months." The failure to provide a date certain by which the AMP studies will be produced is particularly troubling given that at least forty-eight AMP studies are now overdue under the schedule established by Postal Handbook 408, which provides that a decision should be made within 43 days of the public hearing. *See* LR-N2012-1/3 at pp. 3-5 (fifteen days for public comment, two weeks for the AVP to review, and two weeks for the SVP Operations to review).[3]

In order for this proceeding to be meaningful and fair, the Commission and intervenors must be able to question the Postal Service on its anticipated cost savings,

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would remain if all pending AMPs were approved. *See, e.g.*, http://about.usps.com/streamlining-operations/public-meeting-presentation-reno-12-01-11.pdf at page 9.

[3] For the list of overdue studies, see http://about.usps.com/streamlining-operations/area-mail-processing.htm (reflecting that more than forty-three days have passed since the public hearings in Akron, Altoona, Asheville, Athens OH, Campton, Canton, Chillicothe, Columbus GA, Dothan, Duluth, Eastern Shore, Eastern Maine, Everett, Fort Lauderdale (originating), Gary, Gaylord, Grand Island, Gulfport, Hattiesburg, Industry, Iron Mountain, Jonesboro, Kalamazoo, La Crosse, Lafayette, Lakeland, Lansing, Lynchburg (destinating), Mankato, New Orleans, Norfolk NE, North Bay (destinating), Olympia, Orlando, Owensboro, Petersburg, Quincy, Reading (destinating), Roanoke, Rochester, Scranton, South Bend, South Florida, St. Petersburg, Tacoma, Terre Haute, Topeka, and Williamsport).

and on whether the proposed network realignment can be achieved without degrading the efficiency of postal operations beyond that currently anticipated by the Service. In short, without knowing what the proposed network realignment will actually look like upon the completion of pending AMP studies, it is impossible to test the feasibility of the Service's network realignment plan and to determine to what extent the cost savings anticipated by the Service will actually materialize, and at what cost to the efficient delivery of mail.

The NPMHU therefore respectfully requests that the Commission set a timeline for discovery and for the submission of rebuttal testimony that will allow the intervening parties sufficient time to conduct discovery on the specifics of the Postal Service's proposal and to submit pertinent rebuttal testimony after a critical mass of the AMP studies now underway have been completed and made a part of the record in this proceeding. To be sure, while it may be unreasonable to require that every AMP study be completed and be made a part of the record prior to the close of discovery, considerations of fairness and due process dictate that the Postal Service make a critical mass of those studies—and certainly those affecting the largest facilities, population centers, and geographical areas[4]— available for review before that portion of this proceeding is declared at an end.

[4] This would include, by way of non-exhaustive example, Akron, Bakersfield, Boston, Brockton, Brooklyn, Buffalo, Burlington, Central Mass, Chattanooga, Cincinnati, Colorado Springs, Dallas, Dayton, Detroit, Eastern Maine, Fayetteville, Fort Meyers, Gainesville, Industry, Kilmer, Lancaster, Lexington, Long Beach, Manchester, Mid-Hudson, Nashua, New Orleans, Norfolk, Queens, Reno, Rochester (MN), Southeastern Pennsylvania, Southern Connecticut, South Jersey, Springfield (IL), Springfield (MO), Stamford, Stockton, Tucson, Tulsa, Waterloo and Wilmington.

Allowing a reasonable time for discovery into, and for the submission of rebuttal testimony concerning, a critical mass of completed AMP studies should not delay these proceedings unnecessarily. Postal Service Handbook 408, LR-N2012-1/3, sets forth timelines for the completions of these AMP studies, under which all studies that were noticed on September 15, 2011 should be completed by February 10, 2011. Particularly in light of the Postal Service's clarion call for expedition in this matter, it is reasonable to hold the Postal Service to its own schedule in releasing these studies.

In this regard, the NPMHU proposes that discovery into the Postal Service's direct case should remain open for at least thirty days following the Postal Service's completion and public disclosure of what—in the Commission's informed judgment—constitutes the requisite critical mass of AMP studies, with an additional forty-five days for the submission of rebuttal testimony thereafter.[5] In the alternative, the NPMHU proposes a bifurcated schedule, under which: (a) discovery into the Postal Service's evidence filed on December 5, 2011 would close on February 17, 2012 and the deadline for the submission of rebuttal testimony directed to that evidence would be April 2, 2011; and (b) discovery into the AMP studies and any revised cost savings estimates by the Postal Service would close thirty days after the Postal Service makes a critical mass of AMP studies available for review, and the parties would have forty-five days after the close of this discovery to submit rebuttal testimony concerning the AMP

[5] Given the Postal Service's failure to this point to provide any meaningful information regarding where the AMP review process stands and when it can be anticipated that most AMP studies will be completed (and in what priority order), the NPMHU is not in a position at this juncture to state with any degree of precision or specificity what it would regard as a satisfactory "critical mass" of completed AMP studies, other than to reiterate that it would necessarily include those affecting the largest facilities, population centers, and geographical areas.

studies and any revised cost savings estimates submitted by the Postal Service in conjunction with those studies.

Respectfully submitted,

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