OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL REGULATORY COMMISSION

In the Matter of:	)	
	)	
MAIL PROCESSING NETWORK	)	Docket No. N2012-1
RATIONALIZATION SERVICE	)	
CHANGES, 2012	)	

VOLUME #5

Date: March 23, 2012

Place: Washington, D.C.

Pages: 1529 through 2128

HERITAGE REPORTING CORPORATION
Official Reporters
1220 L Street, N.W., Suite 600
Washington, D.C. 20005
(202) 628-4888
contracts@hrccourtreporters.com

POSTAL REGULATORY COMMISSION

In the Matter of:	)	
	)	
MAIL PROCESSING NETWORK RATIONALIZATION SERVICE CHANGES, 2012	)	Docket No. N2012-1
	)	
	)	

Suite 200, Hearing Room
Postal Regulatory Commission
901 New York Avenue, N.W.
Washington, D.C.

Volume 5
Friday, March 23, 2012

The above-entitled matter came on for hearing pursuant to notice, at 9:34 a.m.

BEFORE:

HON. RUTH Y. GOLDWAY, CHAIRMAN
HON. NANCI E. LANGLEY, VICE CHAIRMAN
HON. MARK ACTON, COMMISSIONER
HON. ROBERT TAUB, COMMISSIONER

APPEARANCES:

On behalf of the United States Postal Service:

MICHAEL T. TIDWELL, Esquire
DANIEL J. FOUCHEAUX, JR., Esquire
JAMES M. MECONE, Esquire
CAROLINE R. BROWNLIE, Esquire
KENNETH N. HOLLIES, Esquire
United States Postal Service
475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-3083

APPEARANCES: (Cont'd.)

On behalf of the Alliance of Nonprofit Mailers:

(No Appearance.)

On behalf of the American Postal Workers Union, AFL-CIO (APWU):

DARRYL J. ANDERSON, Esquire
JENNIFER L. WOOD, Esquire
O'Donnell, Schwartz & Anderson, P.C.
1300 L Street, N.W., Suite 1200
Washington, D.C. 20005-5236
(202) 898-1707

On behalf of Association for Postal Commerce:

(No Appearance.)

On behalf of Douglas F. Carlson:

(No Appearance.)

On behalf of Direct Marketing Association:

(No Appearance.)

On behalf of Financial Services Roundtable:

(No Appearance.)

On behalf of Greeting Card Association:

DAVID F. STOVER, Esquire
2970 South Columbus Street, No. 1B
Arlington, Virginia 22206-1450
(703) 998-2568

On behalf of Magazine Publishers of America, Inc.:

(No Appearance.)

APPEARANCES: (Cont'd.)

On behalf of National Association of Letters Carriers, AFL-CIO (NALC):

(No Appearance.)

On behalf of National Association of Postmasters of the United States:

(No Appearance.)

On behalf of National Association of Presort Mailers:

(No Appearance.)

On behalf of National Newspaper Association (NNA):

TONDA F. RUSH, Esquire
King & Ballow
P.O. Box 50301
Arlington, Virginia 22205
(703) 237-9802

On behalf of the National Postal Mail Handlers Union (NPMHU):

KATHLEEN M. KELLER, Esquire
Bredhoff & Kaiser, PLLC
805 Fifteenth Street, N.W., Suite 1000
Washington, D.C. 20005
(202) 842-2600

On behalf of the National Postal Policy Council:

(No Appearance.)

On behalf of City of New Orleans:

(No Appearance.)

On behalf of Newspaper Association of America:

(No Appearance.)

APPEARANCES: (Cont'd.)

On behalf of Pitney Bowes:

(No Appearance.)

On behalf of David Popkin:

(No Appearance.)

On behalf of the Public Representative:

CHRISTOPHER J. LAVER, Esquire
Postal Regulatory Commission
Office of Consumer Advocate
901 New York Avenue, N.W., Suite 200
Washington, D.C. 20268-0001
(202) 789-6889

On behalf of Time, Inc.:

(No Appearance.)

On behalf of Valpak Dealers Association, as well as Valpak Direct Marketing Systems:

(No Appearance.)

On behalf of Parcel Shippers Association:

(No Appearance.)

C O N T E N T S

WITNESSES APPEARING:
PRITHA N. MEHRA
MARC A. SMITH
MICHAEL D. BRADLEY
FRANK NERI

WITNESSES:	DIRECT	CROSS	REDIRECT	RECROSS	VOIR DIRE
Pritha N. Mehra	1547	--	--	--	--
By Ms. Rush	--	1574	--	--	--
Marc A. Smith					
By Mr. Fouceaux	1595	--	--	--	--
By Mr. Anderson	--	1681	--	--	--
By Mr. Stover	--	1693	--	--	--
By Ms. Keller	--	1700	--	--	--
By Mr. Anderson (cont'd)	--	1726	--	--	--
Michael D. Bradley					
By Mr. Fouceaux	1735	--	--	--	--
By Mr. Anderson	--	1803	--	--	--
By Mr. Stover	--	1817	--	--	--
By Ms. Keller	--	1823	--	--	--
By Mr. Laver	--	1834	--	--	--
Frank Neri					
By Mr. Mecone	1861	--	--	--	--
By Ms. Wood	--	2001	--	--	--
By Mr. Stover	--	2019	--	--	--
By Ms. Rush	--	2028	--	--	--
By Ms. Keller	--	2037	--	--	--
By Mr. Laver	--	2055	--	--	--
By Ms. Wood (cont'd)	--	2080	--	--	--
By Ms. Rush (cont'd)	--	2083	--	--	--
	--	2124	--	--	-

DOCUMENTS TRANSCRIBED INTO THE RECORD	PAGE
Designated written cross-examination of Pritha N. Mehra, USPS-T-7	1551
Corrected designated written cross-examination of Marc A. Smith, USPS-T-9	1600
Corrected designated written cross-examination of Michael D. Bradley, USPS-T-10	1739
Designated written cross-examination of Frank Neri, USPS-T-4	1867
Public Representative's Cross-Examination Exhibit, USPS-T4-2	2079
Summary Narrative, Bench-T4-XE-1	2087

DOCUMENTS TRANSCRIBED INTO THE RECORD (Volume 6)	PAGE
Corrected designated institutional response of the United States Postal Service to GCA interrogatory redirected from Witness Rosenberg, GCA/USPS-T3-3	Vol. 6
Response of United States Postal Service to GCA interrogatory redirected from Witness Rosenberg, GCA/USPS-T3-41	Vol. 6
Designation of written cross-examination of United States Postal Service, NPMHU/USPS-T5	Vol. 6

E X H I B I T S

EXHIBITS AND/OR TESTIMONY	IDENTIFIED	RECEIVED
Corrected designated institutional response of the United States Postal Service to GCA interrogatory redirected from Witness Rosenberg, GCA/USPS-T3-3	1545	1545
Response of United States Postal Service to GCA interrogatory redirected from Witness Rosenberg, GCA/USPS-T3-41	1546	1546

E X H I B I T S

EXHIBITS AND/OR TESTIMONY	IDENTIFIED	RECEIVED
Designation of written cross-examination of United States Postal Service, NPMHU/USPS-T5	1546	1546
Direct testimony of Pritha N. Mehra on behalf of United States Postal Service, USPS-T-7	1547	1549
Designated written cross-examination of Pritha N. Mehra on behalf of United States Postal Service, USPS-T-7	1550	1550
Direct testimony of Marc A. Smith on behalf of United States Postal Service, USPS-T-9	1595	1596
Corrected designated written cross- examination of Marc A. Smith on behalf of United States Postal Service, USPS-T-9	1599	1599
Corrected direct testimony of Michael D. Bradley on behalf of United States Postal Service, USPS-T-10	1735	1737
Corrected designated written cross-examination of Michael D. Bradley on behalf of United States Postal Service, USPS-T-10	1738	1738
Direct testimony of Frank Neri on behalf of United States Postal Service, USPS-T-4	1862	1863
Designated written cross-examination of Frank Neri on behalf of United States Postal Service, USPS-T-4	1866	1866
First Class Mail Volume, GCA-XE-1	2020	--

E X H I B I T S

EXHIBITS AND/OR TESTIMONY	IDENTIFIED	RECEIVED
Public Representative's Cross-Examination Exhibit, USPS-T4-1	2055	--
Public Representative's Cross-Examination Exhibit, USPS-T4-2	2078	2078
Summary Narrative, Bench-T4-EX-1	2086	2086

LIBRARY REFERENCES	IDENTIFIED	RECEIVED
Library references sponsored by United States Postal Service Witness Marc A. Smith, USPS-LR-N2012-1/23 and 24	1597	1597
Library references sponsored by United States Postal Service Witness Michael D. Bradley, USPS-LR-N2012-1/20 through 22 and NP-6	1737	1737

1 P R O C E E D I N G S

2 (9:34 a.m.)

3 CHAIRMAN GOLDWAY: Ladies and gentlemen,
4 we're going to start the hearing. My colleagues will
5 come in shortly, but we have a long day so I'd like to
6 begin.

7 Good morning. This is hopefully the final
8 day of the first phase of the Postal Regulatory
9 Commission's hearing where the Postal Service presents
10 evidence in support of its plans for mail processing
11 network rationalization and associated service
12 changes. The Commission will evaluate this evidence
13 when considering the Postal Service's request for an
14 advisory opinion in Docket No. N2012-1.

15 For the record, this is the Postal
16 Regulatory Commission, and I am Ruth Goldway, its
17 chairman. Joining me on the dais this morning is Vice
18 Chairman Langley, Commissioner Acton and Commissioner
19 Taub.

20 We'll begin with a few procedural matters.
21 There has been no indication that a closed hearing
22 will be necessary today. It is the responsibility of
23 counsel to alert me if this circumstance changes. If
24 it becomes necessary, a closed session will be
25 convened at the end of the hearing day to consider

1 material under seal.

2 I'd like to remind those in the audience

3 today that this hearing is being web broadcast. In an

4 effort to reduce potential confusion, I ask that

5 counsel wait to be recognized before speaking and to

6 please identify yourself when commenting. After you

7 are recognized please speak clearly so that our

8 microphones may pick up your remarks.

9 Yesterday we had a few complaints from

10 people who were listening in on their web machines

11 that we weren't speaking loudly enough into our

12 microphones, so I will remind you all today to try and

13 speak directly into your microphones and to speak

14 clearly and with the microphone close to your mouth.

15 Mr. Tidwell, yesterday you were asked to

16 provide an estimate of when the information updates

17 discussed by Witness Williams will be provided to the

18 Commission. Are you able to provide a timeframe of

19 when this will occur?

20 MR. TIDWELL: Good morning, Madam Chairman.

21 Michael Tidwell for the U.S. Postal Service. I am

22 here to discuss two update issues.

23 The first involves an update referenced by

24 Witness Williams of a summary of the results of the

25 network rationalization studies that are currently

1 reflected in Library References 73 and NP-76 that form
2 the basis for the consolidation, the February 23
3 consolidation decisions.
4 There is an interrogatory response that
5 estimates that the aggregate cost savings underlying
6 those business cases is approximately a billion
7 dollars a year. To fulfill the commitment expressed
8 by Witness Williams at Tuesday's hearing, the Postal
9 Service is preparing a summary of the results of the
10 200 plus consolidation studies, and that summary will
11 identify and explain major subcomponents of that
12 aggregate billion dollar AMP figure. We anticipate
13 being able to provide that summary next Friday.
14 The second issue that is of concern to the
15 Commission and the parties is the question of whether
16 and how the Postal Service can update operations and
17 cost data that were filed initially in this case,
18 whether those data can be updated on the basis of the
19 AMP decisions that were announced on February 23.
20 As indicated in our response to Mail
21 Handlers Interrogatory T-119, it's the view of the
22 Postal Service that the Commission has sufficient data
23 to issue an advisory opinion on the question of
24 whether the service changes at issue in this case are
25 being pursued for the reasons explained by Witnesses

1 Williams and Masse or would be consistent with the
2 policies of Title 39. Nevertheless, the Postal
3 Service intends to provide updated information for the
4 benefit of the record.
5 The testimony of Witnesses Martin and Bratta
6 reflect potential maintenance and transportation
7 changes expected to result from consolidations that
8 were identified on December 5, the 252 consolidation
9 list. The February 23 decisions reflect that there
10 are going to be somewhere more in the neighborhood of
11 220 some odd consolidations with 10 determinations
12 still pending.
13 Witnesses Bratta and Martin are currently
14 engaged in work related to implementation of the
15 initiative, and that work is expected to lead to the
16 production of data that would provide an updated
17 assessment of the anticipated maintenance and
18 transportation changes based on the February 23
19 network design.
20 Witness Williams has testified the Postal
21 Service expects to publish final rules in the ongoing
22 rulemaking by the middle of April. Witness Martin has
23 testified that if that mid April timeframe holds that
24 at about the same time she can recast the
25 transportation change estimates that are in USPS-T-6

1 on the basis of the final service standard rules.
2 Consultations with Witness Bratta last night
3 and this morning allow us to report that he expects to
4 be able to produce a high level estimate of the
5 maintenance work hour and other related savings in
6 USPS-T-5 and Library Reference 31 based on the
7 February 23 network concept, and he expects it to be
8 produced by the same timeframe, the middle of April.
9 Testimonies of Witnesses Smith and Bradley,
10 USPS-T-9 and USPS-T-10, are built upon the testimonies
11 of Witnesses Bratta and Martin, as well as the
12 hypothetical December 5 network design. Consultations
13 with Dr. Bradley and Mr. Smith indicate that within
14 two weeks of estimating the estimates, the revised
15 estimates from Witnesses Bratta and Martin, that they
16 can produce updated cost savings estimates based on
17 the February 23 network design.
18 The Postal Service is expecting that we're
19 going to want to produce something for the purposes of
20 an apples to apples comparison. We're proceeding on
21 the basis that we would recast the Smith and Bradley
22 cost estimates on the basis of FY '10. If all goes
23 according to plan, we --
24 CHAIRMAN GOLDWAY: Do you mean on the basis
25 of FY '11?

1 MR. TIDWELL: FY '10.

2 CHAIRMAN GOLDWAY: Oh.

3 MR. TIDWELL: For the purposes of an apples

4 to apples comparison. Their initial estimates are

5 based on FY '10.

6 CHAIRMAN GOLDWAY: I see.

7 MR. TIDWELL: If all goes according to plan,

8 we expect that we can have everything finalized and

9 presented to the Commission in the first week of May.

10 CHAIRMAN GOLDWAY: Well, I want to thank you

11 for what I think is a genuine and serious and detailed

12 effort to respond to my concerns.

13 The Commission will take this under

14 advisement, and on Monday or Tuesday we'll issue our

15 final response to this offer and determine if there's

16 any other direction that we need to provide for you.

17 I appreciate this.

18 The concern we have is that the other

19 participants, in order to prepare their testimony,

20 would need this information in advance of what you're

21 proposing, so we do need to review this and determine

22 what we think is feasible and give you a response, but

23 I want to commend you for providing that response so

24 far to us today. Thank you, Mr. Tidwell.

25 And you were asked as well to provide

1 further information about who it is in the Postal
2 Service who can give us information about the
3 potential new hubs. Do you have any information on
4 that today?
5 MR. TIDWELL: I believe that Witness Neri
6 can help put the hub issue in context when he appears
7 today.
8 CHAIRMAN GOLDWAY: All right. We will keep
9 the matter of hubs open until we hear from Witness
10 Neri and then see what we may have to do after that.
11 Thank you, Mr. Tidwell.
12 Does any participant have any other
13 procedural matter to raise at this time? Are they
14 interrogatories? Mr. Stover?
15 MR. STOVER: Madam Chairman, David Stover
16 for the Greeting Card Association. Is this an
17 appropriate time to provide institutional responses be
18 moved into the record?
19 CHAIRMAN GOLDWAY: No. We'll do that later.
20 MR. STOVER: Thank you, Madam Chairman.
21 CHAIRMAN GOLDWAY: Today we will start with
22 entering the designated Postal Service institutional
23 responses to discovery into the record. Then we will
24 hear from the four Postal witnesses. They are
25 Witnesses Mehra, Smith, Bradley and Neri.

1 First I will proceed with entering
2 designated Postal Service institutional responses to
3 discovery into the record. Mr. Tidwell, you have had
4 an opportunity to examine the packet of designated
5 institutional responses to discovery that was made
6 available in the hearing room today?
7 MR. TIDWELL: Yes, Madam Chairman. We
8 discovered the omission of a page and we fixed it, and
9 everything is good in the packets.
10 CHAIRMAN GOLDWAY: Thank you. So you've
11 made the corrections that are necessary. Do the
12 answers to the questions contained in that packet
13 represent the responses of the United States Postal
14 Service?
15 MR. TIDWELL: Yes, they do.
16 CHAIRMAN GOLDWAY: Then if everything is in
17 order, counsel, would you please provide two copies of
18 the corrected designated institutional responses of
19 the United States Postal Service to the reporter?
20 That material is received into evidence, and
21 it is to be transcribed into the record. I would like
22 that material to appear in a separate volume of
23 transcript. The transcript should be assigned the
24 next available number following the transcript from
25 today's witnesses' testimony.

1 (The document referred to was
2 marked for identification as
3 Designation of Written Cross-
4 Examination of the United
5 States Postal Service and was
6 received in evidence.)
7 CHAIRMAN GOLDWAY: Are there any other
8 institutional responses being offered for record at
9 this time? Mr. Stover?
10 MR. STOVER: Thank you, Madam Chairman.
11 David Stover for GCA. We have one designation
12 consisting of two responses to interrogatories which
13 were redirected from Ms. Rosenberg.
14 CHAIRMAN GOLDWAY: And are there any others?
15 Ms. Keller?
16 MS. KELLER: Yes, we have some. Thank you.
17 CHAIRMAN GOLDWAY: That's Ms. Keller.
18 MS. KELLER: This is Kathleen Keller for the
19 National Postal Mail Handlers Union. We have some
20 that were also redirected from Ms. Rosenberg.
21 We had mistakenly submitted them as part of
22 Ms. Rosenberg's package, and your Clerk's Office
23 alerted us to the fact that they should be turned in
24 today as they are properly institutional responses.
25 CHAIRMAN GOLDWAY: Thank you. Copies of

1 those responses are being given to counsel at the
2 moment. He's checking them out to see if they're in
3 order.
4 (Pause.)
5 MR. TIDWELL: Madam Chairman, Michael
6 Tidwell for the Postal Service. Co-counsel Ken
7 Hollies and I have reviewed both of the designated
8 interrogatory response submissions and can represent
9 that they are as indicated by counsel, and we affirm
10 that they are the responses of the Postal Service.
11 CHAIRMAN GOLDWAY: Thank you. As everything
12 seems to be in order, would you please provide two
13 copies of these corrected institutional responses to
14 discovery to the reporter?
15 That material is now received into evidence
16 and it is to be transcribed into the record, and it
17 shall also be made part of the separate transcript I
18 previously discussed.
19 (The documents referred to
20 were marked for
21 identification as Exhibit
22 Nos. GCA/USPS-T3-3-4, 6, 30,
23 41, 44 and were received in
24 evidence.)
25 CHAIRMAN GOLDWAY: With the completion of

1 those procedures, next we'll proceed with the
2 testimony of our witnesses. We have four witnesses
3 scheduled for this morning. The first is Witness
4 Mehra. Counsel, would you identify your witness?
5 MS. BROWNLIE: Good morning, Madam Chairman.
6 Cari Brownlie on behalf of the Postal Service. The
7 Postal Service calls Pritha Mehra to the stand.
8 Whereupon,
9 PRITHA N. MEHRA
10 having been duly sworn, was called as a
11 witness and was examined and testified as follows:
12 CHAIRMAN GOLDWAY: Please sit down.
13 (The document referred to was
14 marked for identification as
15 Exhibit No. USPS-T-7.)
16 DIRECT EXAMINATION
17 BY MS. BROWNLIE:
18 Q Good morning. Ms. Mehra, please introduce
19 yourself.
20 A I'm Pritha Mehra, the vice president of Mail
21 Entry and Payment Technology for the Postal Service.
22 Q Earlier this morning I handed you two copies
23 of a document entitled Direct Testimony of Pritha
24 Mehra on Behalf of the United States Postal Service
25 marked as USPS-T-7. Did you have a chance to examine

1 those copies?

2 A I did.

3 Q And was this testimony prepared by you or

4 under your direction?

5 A It was.

6 Q And do you have any changes or corrections

7 to make?

8 A No, I don't.

9 Q If you were to testify today orally would

10 your testimony be the same?

11 A It would.

12 MS. BROWNLIE: And now Mr. Tidwell will

13 provide those copies of the testimony to the reporter.

14 CHAIRMAN GOLDWAY: Are there any objections

15 to submitting that testimony?

16 (No response.)

17 CHAIRMAN GOLDWAY: If not, I'll direct

18 counsel to provide two copies of the testimony of

19 Pritha Mehra.

20 That testimony is received into evidence.

21 However, consistent with Commission practice it will

22 not be transcribed.

23 //

24 //

25 //

1 (The document referred to,
2 previously identified as
3 Exhibit No. USPS-T-7, was
4 received in evidence.)
5 CHAIRMAN GOLDWAY: Counsel, can you identify
6 the library references that have been filed by Witness
7 Mehra in this docket and indicate if she is relying on
8 that material?
9 MS. BROWNLIE: There are no library
10 references associated with Ms. Mehra's testimony.
11 CHAIRMAN GOLDWAY: Okay. We will next
12 receive the written cross-examination.
13 Ms. Mehra, have you had an opportunity to
14 examine the packet of designated written cross-
15 examination that was made available to you in the
16 hearing room today?
17 THE WITNESS: I did.
18 CHAIRMAN GOLDWAY: Are there any corrections
19 or additions that need to be made?
20 THE WITNESS: No, there aren't.
21 CHAIRMAN GOLDWAY: If the questions
22 contained in the packet were posed to you orally
23 today, would your answers be the same as those you
24 provided previously in writing?
25 THE WITNESS: They would.

1 CHAIRMAN GOLDWAY: And if everything is in
2 order, counsel, would you please provide two copies of
3 the designated written cross-examination of Witness
4 Mehra to the reporter?
5 That material is received into evidence, and
6 it is to be transcribed into the record.
7 (The document referred to was
8 marked for identification as
9 Exhibit No. USPS-T-7 and was
10 received in evidence.)
11 //
12 //
13 //
14 //
15 //
16 //
17 //
18 //
19 //
20 //
21 //
22 //
23 //
24 //
25 //

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network Rationalization
Service Changes, 2012

Docket No. N2012-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS PRITHA N. MEHRA
(USPS-T-7)

Party	Interrogatories
American Postal Workers Union, AFL-CIO	APWU/USPS-T1-28 redirected to T7 PRC/USPS-T7-POIR No.1 - Q15
National Newspaper Association	NNA/USPS-T4-5c redirected to T7
National Postal Mail Handlers Union	NAPM/USPS-T7-1-2, 4-9 NNA/USPS-T4-5c redirected to T7 PRC/USPS-T7-POIR No.1 - Q15
National Postal Policy Council, Inc.	NAPM/USPS-T7-1-3, 6, 8, 11
Postal Regulatory Commission	PRC/USPS-T7-POIR No.1 - Q14 PRC/USPS-T7-POIR No.1 - Q15

Respectfully submitted,

Shoshana M. Grove
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS PRITHA N. MEHRA (T-7)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory	Designating Parties
APWU/USPS-T1-28 redirected to T7	APWU
NAPM/USPS-T7-1	NPMHU, NPPC
NAPM/USPS-T7-2	NPMHU, NPPC
NAPM/USPS-T7-3	NPPC
NAPM/USPS-T7-4	NPMHU
NAPM/USPS-T7-5	NPMHU
NAPM/USPS-T7-6	NPMHU, NPPC
NAPM/USPS-T7-7	NPMHU
NAPM/USPS-T7-8	NPMHU, NPPC
NAPM/USPS-T7-9	NPMHU
NAPM/USPS-T7-11	NPPC
NNA/USPS-T4-5c redirected to T7	NNA, NPMHU
PRC/USPS-T7-POIR No.1 - Q14	PRC
PRC/USPS-T7-POIR No.1 - Q15	APWU, NPMHU, PRC

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY REDIRECTED FROM WITNESS WILLIAMS

APWU/USPS-T1—28 On page 6 of the aforementioned webinar presentation, it states that BMEU will not change in the near term.

a) Please define "near term" in this context?

b) Some AMP summaries indicate that business mail acceptance may move to another local office (for example, see the summaries for Asheville, NC November 16, 2011 revised, Beaumont, TX December 19, 2011, Brockton, MA December 23, 2011, Cincinnati, OH November 14, 2011, Columbus, GA October 21, 2011.) Will these moves only take place after "the near term"?

c) What factors determine whether or not a BMEU will remain at the facility or be moved?

RESPONSE:

a) In this context, "near term" indicates that there will be no immediate changes in BMEU operations. Further, if any changes are made, mailers will be provided 120 days' advance notice. See also the responses to NAPM/USPS-T7—1(a) and NAPM/USPS-T7—7(a).

b) Yes, see the response to subpart (a).

c) The Postal Service expects each BMEU to remain in its current location until the facility is sold or vacated. In most cases, we do not expect a BMEU to remain in its current location when no other USPS presence is maintained within the impacted facility. In the event that a BMEU is relocated or consolidated, we will aim to locate it within close proximity to the old location. See also the responses to NAPM/USPS-T7—1(a) and NAPM/USPS-T7—7(a).

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—1 Please refer to page 3 of your testimony where you state, "[i]t calls for the adjustment of the workforce, facilities, vehicles and equipment that correspond to the reduction in the network infrastructure based upon decreased mail volumes. The commercial mail channel will accordingly be affected by all of these mail processing adjustments and consolidations."

a) Please confirm that as a part of the reduction of network facilities there will be a reduction of BMEUs and DMUs? If confirmed, please provide a detailed explanation of your plans for the changes or reductions to the BMEU entry network, including locations that will be impacted and where the new location will be, proposed service hours changes e.g. CATs and office hours of operations changes. If not confirmed, please explain fully.

b) Please provide a detailed explanation of the procedures the Postal Service plans to use for consolidating or closing BMEUs/DMUS?

c) Please provide a detailed explanation of your plans for how you will communicate the changes and perform the transition of customers to the new BMEU network?

RESPONSE

a) In the near term, the Postal Service does not expect a reduction in BMEUs and DMUs. Further, if any changes are made, mailers will be provided120 days' advance notice. The feasibility of BMEU and DMU operations at any given location is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices. See also the responses to POIR No. 1, Questions 14 and 15(a), and the response to NPMHU/USPS-T7—1(a).

b) See the response to subpart (a).

c) The Postal Service will provide communications through local and Headquarters outreach, as well as established Headquarters communications.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—2 Please refer to page 3 of your testimony where you state, "[m]ail Entry & Payment Technology will play a key role in support of network rationalization. We have established standard operating procedures to ensure that care is taken to understand potential business mail entry customer impacts when a facility is being studied for closure . . . ."

a) Please provide the "standard operating procedures" or indicate where they are presented in the testimony.
b) Please provide a detailed explanation of the procedures that will be used to ensure that "...care is taken to understand potential business mail entry customer impacts when a facility is being studied for closure."
c) Please confirm that post implementation reviews have demonstrated the effectiveness of these procedures. If confirmed, please provide a detailed explanation of how have they been effective. If not confirmed, please explain fully.
d) Please confirm if any analyses from past closures or consolidations on changes made to the entry channel have been conducted. If confirmed, please provide a detailed explanation of the results regarding the changes to the mailer/customer relative to areas (e.g. service, costs, and loss of business) impacted. If not confirmed, please explain fully.

RESPONSE

a) The Postal Service is currently revising the standard operating procedures identified in the above-quoted testimony. These revised procedures will continue to provide a standardized process to be followed by Business Mail Entry. Specifically, the revised procedures include the requirement to notify mailers 120 days prior to (1) relocating a BMEU to a new facility; (2) consolidating a BMEU or multiple BMEUs into another BMEU or hub; (3) changing hours of operation at a BMEU or DMU; or (4) adjusting Plant Load Agreements and Customer Supplier Agreements. The revised procedures also include the new mail entry review process for approving adjustments in BME operations.

b) See the response to subpart (a).

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

c) The Postal Service created SOPs and Mailer Impact Assessments based on lessons learned from previous AMPs.

d) The Postal Service seeks input from mailers regarding changes to the entry channel and learns from past closures and consolidations.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—3 Please refer to page 3 of your testimony where you state, "[o]nce operational consolidations and other changes are implemented, it also is our responsibility to make sure that mailers are informed of any mail preparation and entry changes and pay the proper postage for the mail whenever and wherever it is entered."

a) Please confirm that you are also informing all mailers (including meter holders) of "mail preparation and entry changes" and changes to ensure that "proper postage" is paid, prior to the implementation of the network changes. If confirmed, can you provide us with your plans for communicating impacts and changes to the mailers. If not confirmed, please explain fully.

RESPONSE

a) Mailers will be updated on the ongoing changes through established communication methods. The Postal Service has held mailer webinars. In addition, District Managers will hold mailer meetings and invite all mailers in their district. BME staff will also engage with mailers to ensure all changes are understood by their mailers.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—4 Please refer to page 4 of your testimony where you state, "[m]itigation Approaches, in response to these concerns, the Postal Service intends to move forward in a manner that incorporates the following approaches and actions. BMEUs located in facilities being studied for closure will be impacted. Where practicable, BMEUs will remain in the impacted facility. If this is not feasible, acceptance units will be located within relatively close geographical proximity to the impacted facility and mailers will be allowed to retain their SCF discounts for the foreseeable future for mail entered at the BMEUs."

a) Please confirm that mailer sites that have DMUs serviced by impacted BMEUs will keep their DMUs intact. If not confirmed, can you provide us with your plans for the impacted DMUs.

b) Please confirm that SCF entry discounts will be available to mailers who enter mail at the new or consolidated BMEU. If confirmed, what ZIPs will be eligible for the discount; the ZIPs of the service area of the "gaining" facility or the ZIPs of the service area of the impacted facility. If not confirmed, what will be changes in requirements mailers must comply with to retain the SCF entry discounts?

c) Please define "foreseeable future" in terms of months, years, or pricing cycles.

RESPONSE

a) DMUs will not be impacted in the near-term. We will continue to maintain DMU locations, transportation, staffing, plant load and customer-supplier agreements. Mailers will be given adequate time to prepare should any changes be required.

b) Mailers will be encouraged to align their preparation and entry to the new network. However, mailers will continue to receive drop-ship entry discounts for mail entered at impacted facilities based on 3-digit ZIP Codes currently allowed.

c) With respect to the quoted testimony, the term "foreseeable future" indicates that there will be no immediate changes in BMEU operations. Should the need arise to make changes, adequate notice will be provided to the mailers. The feasibility of BMEU and DMU operations at any given

location is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices. See also the responses to POIR No. 1, Questions 14 and 15(a), and the response to NPMHU/USPS-T7—1(a).

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—5 Please refer to page 4 of your testimony where you state, "DMU/Plant Load Agreements will be determined based upon the new network and related impact on postal transportation and logistics. Communication with large volume mailers at Detached Mail Units will help to identify any changes required in mail preparation, separation or transportation."

a) Please confirm whether determining which Plant Load and DMU agreements will be renegotiated is part of the AMP study. If confirmed, please provide the planned list of Plant Load and DMU agreements that will be impacted. If no list is currently available please confirm when a listing of Plant Loads and/ or DMUs that will be impacted will be released. If not confirmed, please provide a detailed explanation of the process to determine which need to be renegotiated occur and when will it be completed, including the criteria used to determine if a Plant Load and DMU agreement needs to be renegotiated.

b) Please provide the communication plans, change procedures, and timelines for renegotiating agreements with impacted Plant Loads and DMUs.

RESPONSE

a) DMUs will not be impacted in the near-term. We will continue to maintain DMU locations, transportation, staffing, plant load and customer-supplier agreements. Mailers will be given adequate time to prepare should any changes be required.

b) See the response to subpart (a).

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—6. Please refer to page 5 of your testimony where you state, "[c]ustomers will be given adequate time to prepare for any change required to their plant load agreements or customer supplier agreements due to a plant closure or operational relocation."

a) Please confirm that a national minimal time for complying with any changes will be at least 120 days. If not confirmed, please provide an explanation of how much time will be allowed for the mailer to comply with any changes.

b) Please confirm if changes requiring software upgrades will be allowed adequate time to make changes and how much time will be allowed. If not confirmed please explain fully.

RESPONSE

a) Confirmed. The current policy is that the Postal Service will provide 120 days' notice for any changes due to Network Rationalization.

b) The Postal Service will continue to follow the Major/Minor Release Schedule. Labeling Lists will continue to be updated six times per year.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—7 Please refer to page 5 of your testimony where you state, "[c]ommunication with business mailers will be maintained so that postal managers can have an up-to-date understanding of impacts of network rationalization and changes on mailing profiles, patterns, etc. This information will be used to make any necessary adjustments to the plan regarding local staffing levels and facility capacity for the remaining (gaining) entry facilities in order to maintain quality customer service."

a) Please confirm whether postal managers are communicating this information (up-to-date understanding of impacts) to the mailers. If confirmed, please explain fully how this communication process is occurring. If not confirmed, please provide us with you communication plans, change procedures, and timelines for transitioning impacted mailer sites and entry facilities.

RESPONSE

a) In the near term, the Postal Service does not expect a reduction in BMEUs and DMUs. The feasibility of BMEU and DMU operations at any given location is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices. See also the responses to POIR No. 1, Questions 14 and 15(a), and the response to NPMHU/USPS-T7-1(a).

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—8 Please refer to page 5 of your testimony where you state, "[p]resort First-Class Mail users will continue to have the option of entering intra-Sectional Center Facility mail after the day-zero Critical Entry Time for the 2-day delivery standard and retaining an overnight delivery expectation if such mail is properly prepared, accepted, verified and released for processing no later than 8:00 a.m. on the day before expected delivery for mail with less than a 5-digit sort. If such mail is presorted to 5-digit level or finer, such mail may be accepted, verified and released for processing no later than 12:00 p.m. on the day before expected delivery with an expectation of next-day delivery."

a) Please confirm that some First Class mail will receive an overnight service standard. If confirmed, please explain in detail the mail preparation requirements, the acceptance and entry location type (origin, destination, etc...), and the CATs (by product type) for mail that may receive an overnight delivery service. If not confirmed, then please explain fully.
b) Please confirm that access to BMEU acceptance offices at co-located plants will be open for mail acceptance prior to the 0800 and 1200 CETs. If confirmed, please provide the operational hours and CATs by product for the acceptance offices. If not confirmed, please explain fully what the acceptance hours will be for co-located BMEUs.
c) Please confirm that the USPS will continue to transport mail from local non-co-located mail acceptance points to USPS processing facilities. If confirmed, what will be the expected CAT times by product for mail transported by the USPS. If not confirmed, please explain fully.
d) Please confirm if acceptance hours will be available for mailers that are willing to enter mail at their BMEU later into the night if they want to transport the mailing for entry (induction) at the Origin processing facility. If confirmed, what will be the expected CAT times by product for mail transported by the mailer. If not confirmed, please explain fully.

RESPONSE

a) Properly prepared and containerized intra-SCF Presort FCM volume will be subject to an overnight standard if it is entered at the plant by 08:00 a.m. for mixed Intra-SCF and by 12:00 p.m. for 5-Digit /scheme pallets

b) The Postal Service will conduct Mailer Impact Assessments to determine necessary adjustments to operational hours, particularly for 0800 CET.

c) Confirmed. Should any changes be necessary, mailers will be provided 120 days' notice.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

d) The Postal Service will conduct Mailer Impact Assessments to determine necessary adjustments to operational hours.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—9 Please refer to page 6 of your testimony where you state, "[c]ommercial customers will be able to maintain existing permit account numbers from their former sites at the new sites without having to close and open new permit accounts. Customers will be able to use the existing indicia and will not be required to make changes to their mail pieces to accommodate new permit account numbers or fill out additional paperwork."

a) Please confirm that there will not be any costs for the customer/mailer if their permits are impacted by the closure/consolidation of a mail acceptance office. If not confirmed, please explain fully.

b) Please provide a detailed explanation of how the impacted permits will be managed and provide your plans, procedures, and communication processes for managing them.

RESPONSE

a) The Postal Service will not require mailers impacted by the closure or consolidation of a mail acceptance office to pay fees again at a new facility if the change was occasioned by Network Rationalization.

b) Standard Operating Procedures will be used to provide field instructions for management of processes associated with movement of permits to other offices.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T7—11 Please refer to page 7 of your testimony where you state, "[p]rocesses are in place to address customers' concerns during the Network Optimization initiative and to ensure fulfillment of our fiduciary responsibilities. The changes I have outlined above for commercial mailers will reduce manual-intensive activities at local postal facilities, minimize the burden on mailers, increase ease of access, and automate mail submission tools for the small mailers. These changes, will give commercial mailers flexibility to adjust to mail preparation changes resulting from initiatives like Network Rationalization"

a) Please confirm where the specific details are in the testimony regarding the process to [a]ddress the customer's concerns during the Network Optimization initiative.". If not confirmed, please explain fully the specifics on the processes in place.
b) Please confirm that the changes you are referring to are the changes mentioned under section "IV Future Improvements in your testimony. If confirmed, please explain how the changes provide mailers with the "flexibility to adjust to mail preparation changes resulting from initiatives like Network Rationalization." If confirmed, please explain how the changes support your mitigation strategy and what risks or issues they mitigate. If not confirmed please explain fully.
c) Please confirm if you have conducted any analysis that supports how these changes support the network optimization implementation. If confirmed, please provide the analysis and results.

RESPONSE

a) Mailers will be continually updated on the ongoing changes through established communication methods. The Postmaster General has held mailer webinars. District Managers are meeting with mailers to provide information on Network Rationalization. In addition, individual Mailer Impact Assessments will be conducted to better understand mailer behavior changes based on Network Rationalization changes. Further, the Postal Service is encouraging mailers to contact their local Business Mail Entry Units or their Consumer and Industry Contact to express any concerns and receive assistance.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

b) The feasibility of mail preparation changes is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices.

c) See response to subpart (b).

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MEHRA TO NATIONAL NEWSPAPER ASSOCIATION INTERROGATORY REDIRECTED FROM WITNESS NERI

NNA/USPS-T4—5(c)
c. Will the hub facilities house a Business Mail Entry Unit? If your response is no, please describe how a local mailer with mail destined within the former "turnaround" zone will be expected to enter mail.

RESPONSE:

c. See the response to subpart (d) from Witness Neri indicating that the presence of a hub will depend on geographic coverage and logistical network requirements. The Postal Service will determine whether hub facilities will house BMEUs once it determines the location of the hub facilities.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNES MEHRA TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

14. Is it likely the number of Detached Mail Units will increase or decrease as a result of MPNR? Please explain the rationale for the answer provided, including any quantification of the change in the number of units that may be projected at this time.

RESPONSE

Yes. Any changes to the number of detached mail units is contingent upon the pending plant consolidation determinations and will occur subsequent to finalization of network changes and potential changes in mailer entry patterns. When such information becomes definitive, the likely change in the number of Detached Mail Units can be quantified.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNES MEHRA TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1
Revised: January 10, 2012

15. On page 4 of her testimony, witness Mehra (USPS-T-7) states, "where practicable, BMEUs will remain in the impacted facility. If this is not feasible, acceptance units will be located within relatively close geographical proximity to the impacted facility and mailers will be allowed to retain their SCF discounts for the foreseeable future for mail entered at the BMEUs."

a. Please estimate the number of BMEUs that will remain open at impacted facilities.

b. What mail processing, acceptance, and transportation related operations will be necessary at BMEUs that remain open?

c. What equipment will need to remain at impacted facilities that continue BMEU operations?

d. How many employees at BMEUs at impacted facilities will continue to accept mail?

e. Please provide an estimate of the cost of keeping BMEUs open at impacted facilities.

f. Will there be a surcharge to mailers entering mail at an impacted facility?

g. What percent of mail volume does the Postal Service anticipate accepting at impacted facilities?

h. If mail is accepted at an impacted facility will it have the same service standards as mail accepted at an operational facility?

i. What is the timeline to phase out acceptance of mail at impacted facilities?

j. Please provide the workpapers used to determine the transportation costs of keeping BMEUs open at impacted facilities.

k. Please provide the workpapers used to determine the mail processing costs of keeping BMEUs open at impacted facilities.

l. USPS-T-4 at 29, figure 12, includes an estimate of platform operation productivity improvement of 20 percent due to the current proposal. How will the ongoing operation of BMEUs at impacted facilities affect this productivity improvement?

RESPONSE OF UNITED STATES POSTAL SERVICE WITNES MEHRA TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1
Revised: January 10, 2012

RESPONSE to Question 15 (continued):

(a) See the response to POIR 1, Question 14. The number of BMEUs that will remain open will be determined based on the completion of numerous facility consolidation studies. Mail acceptance will be maintained at the impacted facility or at a location within proximity of the facility.

Further, the feasibility of BMEU operations at any given location is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices.

(b) I am informed that during the MPNR transition, we expect acceptance operations to remain the same as today, except for possible changes to Critical Acceptance Times (CATs). CATs will be based on outbound transportation schedules to the gaining mail processing facilities. We do not project any mail processing related operations to be needed other than some inventory of mail transport equipment (MTE) for customer use.

(c) We project some inventory of mail transport equipment (MTE) will be required to support mailers who will continue to enter mailings at the BMEU located in the impacted facility or at another location within proximity of the impacted facility.

(d) Staffing needs for specific BMEUs will be assessed based on changes in customer entry patterns resulting from MPNR.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNES MEHRA TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1
Revised: January 10, 2012

RESPONSE to Question 15 (continued)

(e) I am not a costing witness, but I am informed that there are no bulk mail entry unit cost estimates or BMEU cost change estimates filed in support of the Request in this docket.

(f) No surcharges to mailers entering mail at an impacted facility are planned at this time.

(g) Current annual mail volume being entered through BMEUs at these facilities is approximately 7.4 billion pieces. The changes in this volume can only be estimated after operational changes are implemented and customer entry patterns evolve.

(h) I am informed by witness Williams that because end-to-end service standards are being defined by the origin plant service area (OPDC/F), the service standards are the same by the manner in which end-to-end service standards are proposed. The Postal Service does expect to establish earlier critical acceptance times at impacted facilities in order to meet the Day 0 Critical Entry Time that will be established at the gaining facility.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNES MEHRA TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

Revised: January 10, 2012

RESPONSE to Question 15 (continued)

(i) Mail acceptance will be maintained at the impacted facility or at a location within proximity of the facility. The feasibility of BMEU operations at any given location is subject to review over time, as local network processing operations evolve, and as mail entry patterns respond to changes in classifications and prices. Please see the response to POIR 1, Questions 15(a-c).

(j) I am informed that the testimony of witness Bradley does not consider BMEUs when calculating transportation cost savings.

(k) Please see the response to subpart (e).

(l) [Redirected to witness Neri for response.]

1 CHAIRMAN GOLDWAY: Is there any additional
2 written cross-examination for Witness Mehra?
3 (No response.)
4 CHAIRMAN GOLDWAY: If everything is in
5 order, we can then proceed with oral cross-
6 examination.
7 One participant has requested oral cross-
8 examination, the National Newspaper Association, Ms
9 Tonda Rush. Is there any other participants that
10 wants to cross-examine Witness Mehra?
11 (No response.)
12 CHAIRMAN GOLDWAY: Ms. Rush, will you please
13 begin?
14 MS. RUSH: Good morning, Madam Chairman,
15 members of the Commission.
16 CROSS-EXAMINATION
17 BY MS. RUSH:
18 Q Good morning, Ms. Mehra. I'm Tonda Rush,
19 counsel to the National Newspaper Association.
20 We've had quite a lot of conversation here
21 this past couple of days about the development of the
22 hub and spoke system that may come into development,
23 although we've been given to understand by some
24 witnesses that whether there will be any hubs is still
25 under review. And I think we understand that the

1 development and deliberation on this whole topic is
2 very much in progress, so I want to ask you just a few
3 questions about the state of knowledge today and your
4 understanding of how you expect business mail entry to
5 work if we do wind up in an environment where some of
6 the closed facilities are replaced by a hub.
7 We've called it turnaround hub. We've
8 called it transfer hub. We've called it
9 transportation hub. I guess I should begin by asking
10 you. What are you calling them, if you're calling
11 them anything?
12 A Hubs.
13 Q Hubs. Okay. Well, that gets us a start.
14 One question that we had directed to Witness Neri was
15 redirected to you, and that was NNA/USPS-T4-5C.
16 You basically said all of this is going to
17 be decided after we figure out the location of the hub
18 facilities. Is it your understanding at this point
19 that there will be some hub facilities?
20 A It's my understanding that hubs are under
21 consideration.
22 Q And is the Business Mail Entry Division
23 under your direction developing processes for changing
24 business mail entry as these hubs come into
25 development?

1 A Once we do understand if and where the hubs
2 will be established we will be working with Operations
3 to determine if there is a need for business mail
4 acceptance and what the procedures would be for those.
5 Q But that work hasn't begun yet because you
6 don't know yet where the hubs will be? Is that
7 correct?
8 A That is correct.
9 Q All right. Then I'm going to be asking you
10 I guess some hypotheticals about what may come into
11 being if it turns out that we actually do have some
12 hubs.
13 Just beginning with the presumption that
14 some closed facilities would have had business mail
15 entry units in them, is that correct?
16 A That is correct.
17 Q And in the case where a facility may close
18 and the gaining facility is 100 or 200 miles away,
19 what do you expect will happen to those business mail
20 entry units?
21 A As we've stated in my testimony and in
22 several of the responses that we plan to retain the
23 business mail entry facilities as much as possible.
24 Should a decision be made to dispense of the
25 facilities, we will be ensuring that the acceptance

1 facilities will be retained within close proximity to
2 minimize the impact on the customers.
3 Q What kind of operation is necessary to set
4 up a business mail entry unit?
5 A It really depends on the type of mailers
6 that are coming in, the type of mail preparation that
7 is coming in. Typically we have business mail entry
8 units that range from very small to very large, so it
9 really depends.
10 Q Does the BMEU need to be in the place where
11 the mail is actually dropped?
12 A No. No.
13 Q In the case where it is not, how does the
14 business mail entry unit verify the mailing?
15 A So the way drop ship mailing is verified is
16 twofold really. A mailer can bring the mail to a
17 business mail entry unit where we verify the mail and
18 then we have some forms like the 8125 that we attest
19 to and then that mail is transported by the mailer to
20 an induction facility and the induction clerk would
21 then look at that signature of the originating office
22 to determine that that mail has been verified and paid
23 for.
24 The mail can be entered at a BMEU or in some
25 cases for very large volumes we actually have postal

1 clerks that are housed in a mailer's production
2 facility where we verify the mail. It's called a
3 detached mail unit, and it's a similar process where
4 we verify the mail, we sign and attest to the 8125s
5 and then the mailer transports the mail along with
6 that verified documentation and the induction clerk
7 verifies that that mail matches the documentation that
8 we've attested to.
9 Q Would it be fair to say that a business mail
10 entry unit has two primary functions? One is to
11 receive the mailer's documentation and the second is
12 to at least provide some cursory check that that mail
13 conforms to the documents.
14 A That's correct.
15 Q Is there any other major function?
16 A Oh, there are several functions. We provide
17 customer support. We help mailers establish payment
18 accounts, and of course acceptance and mail
19 verification is the primary function.
20 Q Are you familiar with a privilege that's
21 been extended to overnight newspaper mailers that
22 falls under Domestic Mail Manual Section 109 that
23 permits some overnight entry with some simplified
24 documentation?
25 A I am.

1 Q Can you briefly describe it?

2 A Well, we have two procedures that we have in

3 place today. One is the exceptional dispatch and then

4 the other is the overnight periodicals that we've

5 established to help the periodical mailers.

6 In the exceptional dispatch typically I

7 think it's 25,000 is the circulation requirement up to

8 typically a mailer can bring their mail to a BMEU and

9 then transport that mail downstream for entry into the

10 downstream locations, which is not in a drop ship

11 environment, and then the overnight is where we

12 actually allow a mailer to bring in their mail to

13 additional entry offices and they can drop their mail

14 off in the overnight hours, it's processed and then

15 they deliver their documentation by 11:00 the next

16 morning.

17 Q Is that necessitated by the fact that the

18 business mail entry unit is not generally open in

19 those overnight hours?

20 A That's correct.

21 Q But it enables the mail to get into the mail

22 stream?

23 A That's correct.

24 Q Hypothetically, assuming the hub system does

25 come into being, will we be possibly seeing a

1 situation where a mailer needs to go to one location
2 to provide the documentation to a business mail entry
3 unit and some other location to actually drop the
4 mail, say at the hub?
5 A Hypothetically that could be possible.
6 Q So there could be two fairly distant trips
7 made by the mailer to make sure that mail gets into
8 the mail stream properly?
9 A Typically if you are looking at the impacted
10 facilities, most of them do house BMEUs so it could
11 be, but it could be a large volume mailer that we are
12 actually in there, in their plants, verifying that
13 mail. That process exists today.
14 Q Let's assume that the operation inside the
15 printing plant of the mailer won't be affected by this
16 process necessarily. Is it possible for a business
17 mail entry unit then to move to a local post office if
18 say a sectional center facility closes?
19 A It's possible.
20 Q Is that likely what you'll wind up doing
21 with those units?
22 A Well, today in business mail entry we have
23 many units which have business mail entry units in
24 post offices, and the way we would do this is we're
25 working to understand the changes in the mailing

1 patterns and then we would design our acceptance
2 accordingly or modify acceptance accordingly.
3 It really depends on we plan to retain our
4 business mail entry facilities in those closing
5 facilities as I mentioned earlier, and should we feel
6 the need to move it we would give the mailers 120
7 days' notice and also understand which mailers are
8 going to change their mailing patterns based on the
9 new network.
10 Q So will the need to keep a business mail
11 entry unit in a facility require the Postal Service to
12 maintain some footprint in that facility even when all
13 the mail processing has gone away to some distant
14 gaining facility?
15 A At this time, yes, we would keep the BMEU
16 footprint, but should we decide to dispense with that
17 facility then we would move the BME to a facility very
18 close by.
19 Q Are you using any guidelines to advise the
20 field on how close is close?
21 A We are using guidelines. At this point
22 we've set less than 10 miles, but again we want to
23 make sure that that is minimal impact in all cases so
24 we've established a pretty strict process for
25 relocation and consolidation, which requires review

1 and re-review.

2 Q It is possible for a mailer to conduct all

3 of the business mail entry documentation

4 electronically at this point, is it not?

5 A It is possible.

6 Q And what percentage of mailers do that

7 electronically?

8 A It's a small percentage today.

9 Q Why is it small?

10 A Well, I think it all depends on the

11 technology, the technological state of the mailer, so

12 the software that they use and the access that they

13 have to submitting the mailing electronically. There

14 are a variety of reasons.

15 Q Is it a matter of the mailers owning

16 software that can I guess for want of a better term

17 make a handshake with PostalOne!?

18 A In some cases a mailer may not have that

19 capability in the current software that they're using,

20 and that would preclude them from doing it without

21 buying additional capabilities.

22 Q What work do you have underway within your

23 division to try to improve adoption of electronic

24 filings?

25 A Oh, we're doing several things. We are

1 actually looking to provide tools where mailers can
2 use our tools to provide electronic documentation.
3 We've already deployed a tool that's called the Postal
4 Wizard where mailers can use that to submit their
5 mailings electronically. We're embellishing those
6 tools.
7 We're also working with a host of the
8 software vendor industry to simplify especially in the
9 case for small and medium mailings, to simplify the
10 entire capability of eDoc or electronic submission of
11 mailing information.
12 Q Are you familiar with a file protocol called
13 Mail.XML?
14 A Yes, I am.
15 Q Is that one of the tools that is under
16 development?
17 A Well, it already exists today. We've
18 actually got three capabilities. We've got Mail.dat,
19 we've got Mail.XML and we've got the Postal Wizard.
20 Those tools are continually being embellished to
21 expand access and to improve the capabilities of
22 electronic file submissions.
23 Q Can you describe the Mail.XML protocol? Not
24 in software language, but in terms of the mailers' use
25 of it.

1 A Sure. If I was to really simplify it it
2 would be basically we've encapsulated the mailing
3 documentation into electronic messengers. So a
4 message is created to submit mailing information
5 regarding your postage statement rather than giving us
6 a hard copy. The key elements of that postage
7 statement would be submitted in an electronic message.
8 So we've created a variety of messages that
9 the software would use to communicate to the Postal
10 Service the key elements of the mailing information
11 necessary to accept a mailing.
12 Q So would it be oversimplifying it to say
13 that Mail.XML takes the number of pieces, the weight,
14 the destination and the price paid and imports that
15 into the Postal Service's systems, which I assume is
16 PostalOne! that you collect it all in?
17 A That's correct.
18 Q How long has Mail.XML been in development or
19 actually available in the Postal Service? Do you have
20 any idea?
21 A Yes. I think we started with the Mail.dat
22 in 2009, and shortly thereafter in 2010 we deployed
23 the Mail.XML capability.
24 Q How widely is Mail.XML adopted within the
25 mailing industry? Do you know?

1 A We've actually got a much more widespread
2 usage of Mail.dat because that was the capability that
3 most software providers have already been using. Only
4 recently we've got some interest among the software
5 group to be testing with us Mail.XML capabilities.
6 So I imagine that we will see a spread of
7 that moving forward because we've been working with
8 several software providers to mature their Mail.XML
9 solutions.
10 Q Mail.dat would be used by the larger
11 mailers, Postal Wizard by very, very small mailers,
12 and then Mail.XML fills in the gaps between those two?
13 A Actually, Mail.dat is being used by medium
14 and large mailers because that's what the software
15 packages -- a lot of the packages -- offer today.
16 Q All right.
17 A Mail.XML is also an additional capability
18 because .XML is sort of the language used on the
19 internet today, so that's an additional capability
20 that we're offering.
21 Q So the customer for Mail.XML really is the
22 software vendor, is it not, and not the mailer owner?
23 A In all cases it's primarily the software
24 vendors that work with us to develop the solutions,
25 which they then offer to their mail owners. There are

1 some owners that develop their own software as well.
2 Q I understand. Are there any software
3 vendors that you know of that are using Mail.XML at
4 this time?
5 A I believe there are some.
6 Q There are some. All right. Is your
7 understanding that it's being used within the small to
8 medium periodicals industry?
9 A We're actually working with one of the
10 software vendors that's a pretty large supplier to
11 help them use it. I would not be able to tell you how
12 much it's being used by the periodicals. I would
13 venture to guess among the small not very much.
14 Q I'm pursuing this, Ms. Mehra, because this
15 seems to be the path by which the newspaper/periodical
16 mailers will be enabled to do an electronic filing.
17 Is that your understanding?
18 A It's one of the paths.
19 Q It's one of them.
20 A Yes.
21 Q All right. Have there been problems with
22 the development of the protocol?
23 A Of Mail.XML?
24 Q Yes.
25 A With every protocol that we've deployed

1 there's always software issues that we have when we
2 first deploy it, whether it's at the vendor's site or
3 at our site, so that's an ongoing process that we go
4 through when we deploy software. We go through a test
5 process. We go through a deployment process.
6 There are some derivatives of a mailing that
7 may not be able to be handled, in which case we do a
8 workaround, but by and large we have now got some
9 fairly complicated mailers with complicated mailing
10 scenarios that are using Mail.XML, and it's working
11 very well for them.
12 Q How important do you see adoption of that
13 protocol by the software vendors in trying to achieve
14 a more seamless acceptance process if we are in a hub
15 and spoke environment for the areas where the plants
16 are being closed?
17 A Well, I think that it's important to
18 separate the network realignment from seamless
19 acceptance. Today we accept and verify mail from all
20 mailers with paper documentation. They're not
21 required to give us electronic documentation.
22 Similarly, if you were to envision an
23 environment where you would have a hub and spoke, as
24 the mailers do today they drop ship mail into
25 facilities. We verify that mail, and that mail

1 doesn't have to have an electronic document. You can
2 do it in paper, whether you're doing it at a detached
3 mail unit or you're doing at a business mail entry
4 unit, so that is not a requirement.
5 To answer your second question, in order to
6 move to a seamless acceptance environment electronic
7 documentation is a critical component of that because
8 that allows us to enable a more seamless process for
9 entering the mail.
10 Q Would you agree that if the Postal Service
11 is moving its facilities further away from the mailers
12 that achieving an electronic filing would be a
13 desirable goal for both the Postal Service and the
14 mailers?
15 A Well, we are also ensuring that should a
16 facility be moved or closed that we have and we retain
17 business mail acceptance facilities in proximity, if
18 not at the location. That is our primary function.
19 We want to minimize the impact to the mailers.
20 Q But you could still wind up with a
21 circumstance where the business mail acceptance unit
22 is close to the old facility, but the hub is further
23 away, correct?
24 A We could.
25 MS. RUSH: Okay. Madam Chairman, I don't

1 think I have anything else on cross. Thank you.

2 CHAIRMAN GOLDWAY: Thank you. Is there any

3 other participant who wishes to cross-examine this

4 witness?

5 (No response.)

6 CHAIRMAN GOLDWAY: Do we have some questions

7 from the bench? Anyone here? Mr. Acton?

8 Commissioner Acton?

9 COMMISSIONER ACTON: Thank you, Madam

10 Chairman. Hello, Ms. Mehra.

11 THE WITNESS: Hello, Mr. Acton.

12 COMMISSIONER ACTON: How is your forehand?

13 THE WITNESS: How is my forehand? It's

14 pretty minimal these days with network optimization

15 around the corner.

16 COMMISSIONER ACTON: I feel your pain. In a

17 portion of your testimony in the *Federal Register* you

18 talk about an ongoing rulemaking that you guys are

19 soliciting notice and comment on, is that right, in

20 connection with N2012-1? It's on page 6 of your

21 testimony.

22 THE WITNESS: Could you repeat your

23 question?

24 COMMISSIONER ACTON: There is an ongoing

25 rulemaking I believe in connection with N2012-1.

1 THE WITNESS: Uh-huh.

2 COMMISSIONER ACTON: Can you tell us a bit

3 about that?

4 THE WITNESS: What I was referring to here

5 was that the final standards haven't been published

6 yet, so that's the process we were referencing.

7 COMMISSIONER ACTON: Have you reviewed the

8 comments that are forthcoming in that rulemaking?

9 Have you had some comments?

10 THE WITNESS: I'm not sure I understand the

11 question.

12 COMMISSIONER ACTON: I believe are you

13 soliciting comments in response to an advance notice

14 of proposed rulemaking?

15 THE WITNESS: Oh, I see. You're talking

16 about the *Federal Register* notice.

17 COMMISSIONER ACTON: Yes.

18 THE WITNESS: Yes, I have reviewed the

19 responses.

20 COMMISSIONER ACTON: And your impression?

21 Are there some mitigation strategies that you may be

22 contemplating in connection with that commentary?

23 THE WITNESS: Yes. Actually, my testimony

24 does cover most, if not all, of the comments that

25 mailers made relating to business mail entry.

1 So, for example, some of the big concerns
2 around mail entry was the fear that in the closing
3 facilities the BMEs would be closed down as well.
4 There were comments related to the SCF discounts being
5 lost for the mail that's coming in through the BME.
6 So we have gone through and considered those comments
7 and have established mitigation strategies around
8 those that are related to business mail entry.
9 COMMISSIONER ACTON: And the mitigation
10 strategies that you're developing in response to those
11 comments. Are they new approaches or are they ones
12 that you have already proposed or endorsed in the
13 course of your testimony?
14 THE WITNESS: We actually revised some of
15 our approaches based on those comments.
16 COMMISSIONER ACTON: Is there an example you
17 can offer us?
18 THE WITNESS: Yes. For example, the 120-day
19 notice. That is not one that we've had previous.
20 That's an increase in the timeframe. The retention of
21 the SCF discounts. That's new. That's typically not
22 what we do when we consolidate. So there are several
23 of those that we have revised based on the feedback
24 from the industry.
25 COMMISSIONER ACTON: Okay. That's very

1 helpful. Thank you.

2 CHAIRMAN GOLDWAY: Have you contemplated

3 that there might be a surcharge for using a BMEU in

4 the future?

5 THE WITNESS: No, we have not contemplated

6 that.

7 CHAIRMAN GOLDWAY: You don't think that

8 that's a likely scenario in the future?

9 THE WITNESS: I don't believe so.

10 CHAIRMAN GOLDWAY: Have you done any

11 estimates of what it will cost to maintain the BMEUs

12 in the facilities that you will have or in the new

13 facilities that may have to be developed for them?

14 THE WITNESS: It's not under my jurisdiction

15 to be doing the costing for the BMEs, but, I mean, the

16 changes will all depend upon the changes in the

17 mailing patterns. So if the mailers continue to bring

18 in their mail as they do today we don't anticipate

19 changes. There are going to be some mailers, based on

20 the new design, that will change their mailing

21 patterns. We will be addressing the changes in the

22 BME accordingly.

23 CHAIRMAN GOLDWAY: And how did you come up

24 with a figure that any move from the current location

25 should be less than 10 miles or in fact may be even

1 less than that to assure minimal impact?

2 THE WITNESS: Well, because what we've done

3 is we've looked at the impact and we've talked to a

4 few mailers, but by and large we looked at the spread

5 of the business mail entry units, and typically we try

6 and make it such that we can find one that is really

7 close by or a retail unit that is really close by that

8 we could introduce acceptance and so we try to balance

9 sort of our existence of current BMEs with any

10 additional transportation that the mailers would have

11 to provide.

12 CHAIRMAN GOLDWAY: It's unfortunate you

13 didn't have that same formula for post offices. It

14 would make our lives a lot easier.

15 Do you think that BMEUs should be located or

16 co-located at hubs?

17 THE WITNESS: I'm not sure I could answer

18 that at this point, given that I do not have clarity

19 on where the hubs and locations are going to be, but

20 we will make every effort to provide the acceptance or

21 induction capabilities should there be the need for

22 that.

23 CHAIRMAN GOLDWAY: Okay. That completes my

24 questions. Any others from the bench?

25 (No response.)

1 CHAIRMAN GOLDWAY: Mr. Tidwell, would you
2 like a break, or since we have so many witnesses
3 should we move forward?
4 MS. BROWNLIE: I think we're fine on our
5 end.
6 CHAIRMAN GOLDWAY: Okay. So your
7 opportunity for redirect?
8 MS. BROWNLIE: No need for redirect.
9 CHAIRMAN GOLDWAY: Well, Ms. Mehra, that's
10 an indication of how clearly you answered the
11 questions. We appreciate your participation here
12 today and your contribution to the record.
13 THE WITNESS: Thank you.
14 CHAIRMAN GOLDWAY: It's nice to see someone
15 we often see in other circumstances here. I hope you
16 didn't mind. We thank you, and I'm pleased to tell
17 you you're excused.
18 THE WITNESS: Thank you.
19 (Witness excused.)
20 CHAIRMAN GOLDWAY: Our next witness is Mr.
21 Smith.
22 MR. FOUCHEAUX: Yes.
23 CHAIRMAN GOLDWAY: We'll wait for a change
24 of counsel here.
25 (Pause.)

1 CHAIRMAN GOLDWAY: Postal Service counsel,
2 are you ready to introduce your witness? Mr.
3 Foucheaux? You need to stand in front of the
4 microphone, please.
5 MR. FOUCHEAUX: My name is Dan Foucheaux for
6 the Postal Service. I would ask the witness to state
7 his full name, please.
8 MR. SMITH: My name is Marc A. Smith.
9 CHAIRMAN GOLDWAY: Would you stand so I can
10 swear you in, Mr. Smith?
11 Whereupon,
12 MARC A. SMITH
13 having been duly sworn, was called as a
14 witness and was examined and testified as follows:
15 CHAIRMAN GOLDWAY: Thank you. You may be
16 seated.
17 (The document referred to was
18 marked for identification as
19 Exhibit No. USPS-T-9.)
20 DIRECT EXAMINATION
21 BY MR. FOUCHEAUX:
22 Q Mr. Smith, you have before you a document
23 entitled Direct Testimony of Marc A. Smith on Behalf
24 of the United States Postal Service, USPS-T-9. Have
25 you inspected this document?

1 A Yes.

2 Q Is this your testimony?

3 A Yes, it is.

4 Q If you were to provide this testimony orally

5 today, would the contents be the same?

6 A Yes.

7 MR. FOUCHEAUX: Madam Chairman, counsel is

8 going to hand two copies of Mr. Smith's testimony to

9 the court reporter, and we ask that it be entered into

10 evidence.

11 CHAIRMAN GOLDWAY: Are there any objections?

12 (No response.)

13 CHAIRMAN GOLDWAY: Hearing none, counsel,

14 please provide the reporter with two copies of Mr.

15 Smith's testimony.

16 That testimony is received into evidence.

17 However, consistent with Commission practice it is not

18 to be transcribed.

19 (The document referred to,

20 previously identified as

21 Exhibit No. USPS-T-9, was

22 received in evidence.)

23 CHAIRMAN GOLDWAY: Do you have any library

24 references that you would like to identify as part of

25 Mr. Smith's --

1 MR. FOUCHEAUX: Yes, Madam Chairman. There
2 are two library references designated.
3 USPS-LR-N2012-1/23, that's the first, and /24 is the
4 second.
5 BY MR. FOUCHEAUX:
6 Q Mr. Smith, are these library references
7 associated with your testimony?
8 A Yes, they are.
9 Q Are you sponsoring these?
10 A Yes.
11 MR. FOUCHEAUX: Madam Chairman, we ask that
12 these library references be also entered into
13 evidence.
14 CHAIRMAN GOLDWAY: They will be. Thank you.
15 (The documents referred to
16 were marked for
17 identification as Library
18 Reference Nos.
19 USPS-LR-N2012-1/23 and 24 and
20 were received in evidence.)
21 CHAIRMAN GOLDWAY: And next we will receive
22 written cross examination.
23 Mr. Smith, have you had an opportunity to
24 examine the packet of designated written cross-
25 examination that was made available to you in the

1 hearing room today?

2 THE WITNESS: Yes, I have.

3 CHAIRMAN GOLDWAY: Are there any corrections

4 or additions that need to be made?

5 THE WITNESS: I had revised an interrogatory

6 response just two days ago, and I replaced that. That

7 was the only thing I needed to change. I replaced the

8 original answer with the revised answer.

9 CHAIRMAN GOLDWAY: And that was done on

10 March 21?

11 THE WITNESS: Yes. POIR 1, Question 2A.

12 CHAIRMAN GOLDWAY: Thank you. If the

13 questions contained in that packet were posed to you

14 orally today would your answers be the same as those

15 you previously provided in writing?

16 THE WITNESS: Yes.

17 CHAIRMAN GOLDWAY: And with everything in

18 order, counsel, would you please provide two copies of

19 the corrected designated written cross-examination of

20 Witness Smith to the reporter?

21 That material is received into evidence, and

22 it is to be transcribed into the record.

23 //

24 //

25 //

(The document referred to was marked for identification as Exhibit No. USPS-T-9 and was received in evidence.)

//
//
//
//
//
//
//
//
//
//
//
//
//
//
//
//
//
//
//
//

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network Rationalization
Service Changes, 2012

Docket No. N2012-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS MARC A. SMITH
(USPS-T-9)

Party	Interrogatories
American Postal Workers Union, AFL-CIO	APWU/USPS-T9-1-10, 12-15 GCA/USPS-T9-3-5, 8, 10 NPMHU/USPS-T9-3 NPMHU/USPS-T10-5, 12-13 redirected to T9
Greeting Card Association	GCA/USPS-T9-3-4, 9, 11, 14
National Postal Mail Handlers Union	APWU/USPS-T9-2, 10, 12 NPMHU/USPS-T4-19 redirected to T9 NPMHU/USPS-T8-1, 10b redirected to T9 NPMHU/USPS-T10-5, 12-13 redirected to T9
Postal Regulatory Commission	PRC/USPS-T9-POIR No.1 - Q16 PRC/USPS-T9-POIR No.2 - Q7 PRC/USPS-T9-POIR No.5 - Q21 PRC/USPS-T9-POIR No.5 - Q22 PRC/USPS-T9-POIR No.5 - Q23 PRC/USPS-T1-POIR No.1 - Q2a redirected to T9

Party	Interrogatories
Public Representative	APWU/USPS-T9-3, 5, 7, 10-12, 15 GCA/USPS-T9-1-4 NPMHU/USPS-T4-19 redirected to T9 NPMHU/USPS-T8-1 redirected to T9 NPMHU/USPS-T10-5, 12-14 redirected to T9 PR/USPS-T9-1-2 PR/USPS-T4-3a, 4g redirected to T9 PRC/USPS-T9-POIR No.1 - Q16 PRC/USPS-T9-POIR No.5 - Q21 PRC/USPS-T9-POIR No.5 - Q22 PRC/USPS-T9-POIR No.5 - Q23 PRC/USPS-T1-POIR No.1 - Q2a redirected to T9

Respectfully submitted,

Shoshana M. Grove
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS MARC A. SMITH (T-9)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory	Designating Parties
APWU/USPS-T9-1	APWU
APWU/USPS-T9-2	APWU, NPMHU
APWU/USPS-T9-3	APWU, PR
APWU/USPS-T9-4	APWU
APWU/USPS-T9-5	APWU, PR
APWU/USPS-T9-6	APWU
APWU/USPS-T9-7	APWU, PR
APWU/USPS-T9-8	APWU
APWU/USPS-T9-9	APWU
APWU/USPS-T9-10	APWU, NPMHU, PR
APWU/USPS-T9-11	PR
APWU/USPS-T9-12	APWU, NPMHU, PR
APWU/USPS-T9-13	APWU
APWU/USPS-T9-14	APWU
APWU/USPS-T9-15	APWU, PR
GCA/USPS-T9-1	PR
GCA/USPS-T9-2	PR
GCA/USPS-T9-3	APWU, GCA, PR
GCA/USPS-T9-4	APWU, GCA, PR
GCA/USPS-T9-5	APWU
GCA/USPS-T9-8	APWU
GCA/USPS-T9-9	GCA
GCA/USPS-T9-10	APWU
GCA/USPS-T9-11	GCA
GCA/USPS-T9-14	GCA
NPMHU/USPS-T9-3	APWU
NPMHU/USPS-T4-19 redirected to T9	NPMHU, PR
NPMHU/USPS-T8-1 redirected to T9	NPMHU, PR
NPMHU/USPS-T8-10b redirected to T9	NPMHU
NPMHU/USPS-T10-5 redirected to T9	APWU, NPMHU, PR
NPMHU/USPS-T10-12 redirected to T9	APWU, NPMHU, PR

Interrogatory	Designating Parties
NPMHU/USPS-T10-13 redirected to T9	APWU, NPMHU, PR
NPMHU/USPS-T10-14 redirected to T9	PR
PR/USPS-T9-1	PR
PR/USPS-T9-2	PR
PR/USPS-T4-3a redirected to T9	PR
PR/USPS-T4-4g redirected to T9	PR
PRC/USPS-T9-POIR No.1 - Q16	PR, PRC
PRC/USPS-T9-POIR No.2 - Q7	PRC
PRC/USPS-T9-POIR No.5 - Q21	PR, PRC
PRC/USPS-T9-POIR No.5 - Q22	PR, PRC
PRC/USPS-T9-POIR No.5 - Q23	PR, PRC
PRC/USPS-T1-POIR No.1 - Q2a redirected to T9	PR, PRC

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-1

On page 7 of your testimony you state that maintenance and custodial labor savings were determined from FY2010 annual average salary and benefits costs.

a) Please confirm that use of FY2010 data means that none of the cost-savings from the implementation of the APWU 2010 contract have been included in your calculations.

b) Have you done an analysis that evaluates what the cost savings would be when compared to a baseline scenario that includes a full implementation of the labor flexibilities in the APWU 2010 contract?

RESPONSE:

(a) Not confirmed. As I indicate at page 7 of my testimony, and as I show in Tables 3 and 5 of my testimony, my calculations for maintenance and custodial labor savings are done by taking the staffing savings determined by witness Bratta (USPS-T-5) and multiplying them by the FY 2010 annual salary and benefits for maintenance and custodial personnel (shown in my Attachment 2). Because I am not sufficiently familiar with the APWU 2010 contract, I am unable to say how the contract relates to FY 2010 annual salary and benefits (shown in Attachment 2). In addition, I am not able to address questions relating to the staffing savings determined by witness Bratta.

(b) No. Please also see my response to part (a) above.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-2

Please confirm that your estimate of $910 million annual savings results from the use of FY2010 costs, assumes all AMPs lead to closure of the mail processing facilities, and that 93 out of 252 buildings impacted could be completely closed. If not confirmed, please explain the assumptions about AMP decisions and facility closures leading to the $910 million annual savings.

RESPONSE:

Not confirmed. First, in my testimony, I do not assume that all AMPs lead to closures of the mail processing facilities. Rather, I have calculated savings for a future network based on the preliminary analysis described by witness Rosenberg (USPS-T-3). *See* Direct Testimony of Emily R. Rosenberg on Behalf of the United States Postal Service (USPS-T-3), at page 34. The facilities included in this future network are listed in USPS-LR-N2012-1/34. I have relied on this listing in my determination of savings in Utilities and Heating Fuel ($74.4 million) and Custodial Supplies and Services ($17.8 million), shown in Table 6 at page 19 of my testimony. Specifically, my first step is to identify the total expenses for the inactive sites for Utilities and Heating Fuel ($78.3 million) and Custodial Supplies and Services ($18.7 million) using the list of inactive facilities contained in USPS-LR-N2012-1/34 (facilities listed in LR.USPS.34.xls denoted by "N" in the column "Model Open."). Second, in determining the rents saved on leased space or potential earnings relating to vacated owned facilities (from the sale or leasing of such space) I have relied on analysis provided by Facilities. As described in my testimony, at page 20, Facilities has determined that the Postal Service would be able to fully vacate 93 of the 252 facilities it studied.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-3

On page 20 of your testimony, you indicate that the Postal Service could only fully vacate 93 buildings of a total of 252 that are being studied.

a) Of these 93 buildings how many are leased?

b) Is the $16.8 million annual lease savings calculated from current leases for those buildings? If not, please explain from where these lease savings come.

c) How is the $448 million in revenues determined? Is it based on current market estimates for selling those facilities?

d) What gives rise to the $121 million in one time capital costs in your estimate?

RESPONSE:

My response to this question is based on information provided to me by Facilities.

(a) 22 of the 93 facilities are leased.

(b) Yes.

(c) The Postal Service obtained Broker Opinion of Value to sell as is (BOV). Yes, it is current market value.

(d) Cost to construct new retail space and move current non mail processing operations.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-4

Please confirm that of the $910 million in savings that you calculate, less than 10 percent of it comes from mail processing labor and carrier workload reductions. Please clarify how those workload reductions relate to the categories of labor cost savings calculated by witness Bradley.

RESPONSE:

Confirmed. Mail processing labor (clerk and mail handler) and carrier workload reduction savings account for $74.2 million of the $910.9 million in savings that I identify in my testimony (see Table 11, on page 26).

My estimates of mail processing and delivery savings supplement those savings identified by witness Bradley (USPS-T-10). I have identified these savings due to the three types of workload reduction as indicated in my testimony, pages 21-22:

1. Elimination or reduction of outgoing secondary sorting
2. Complete elimination of CSBCS and UFSM 1000 sortation, and
3. Additional letter automated incoming secondary and DPS sorting.

The second and third types of savings would tend to occur at non-plant facilities not part of witness Bradley's work. The first type of savings was explicitly identified by witness Neri (USPS-T-4, at pages 17-18). I provide a quantification of these savings.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-5

On page 16 you state that "to the extent that the current service standards are maintained, the Postal Service is going to need to acquire more equipment . . ." Please explain how much equipment the Postal Service would need to acquire to maintain the current service standards and under what time line that equipment would be necessary.

RESPONSE:

I do not have estimates of how much equipment would need to be acquired under the current service standards or proposed service standards. My statement was based on the fact that at some point our current equipment would need replacement. As discussed by witness Rosenberg (USPS-T-3), less equipment will be required to meet the proposed standards than to meet the current standards. This is most dramatically seen in DPS requirements, as discussed by witness Rosenberg (USPS-T-3, at pages 1-2). As a result, more equipment will need to be acquired for replacement purposes under the current service standards than under the proposed standards.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-6

On page 19 you state that "there are non-processing activities at these buildings (VMF, retail, delivery, district offices), some of which can be expensive to relocate. Thus, it is a possibility we could keep even large facilities to support the remaining activities..."

a) Which of the co-located activities would be most expensive to relocate?

b) What factors are considered in determining if co-located activities can be relocated or must stay at the current location?

c) Was the existence of co-located activities a factor in determining which facilities were placed on the closure review list?

d) How were the savings and revenues (as mention on page 20) from moving other operations into the empty space in these buildings calculated?

e) If this Mail Processing Network Rationalization effort was not constrained by limited capital; would the Postal Service change in any way its approach to decisions about whether to move co-located activities?

RESPONSE:

My response to this question is based on information provided to me by Facilities.

(a) The cost of relocating vary by facility type, size, location and if potential existing space exists to move them to or construct new smaller space.

(b) Opportunities for consolidation (is there vacant space in surrounding facilities to take in some of the non mail processing operations), distance between current location and alternative locations, and the cost of relocating.

(c) No.

(d) Preliminary studies based on each location's opportunities and costs.

(e) Capital constraint was not factored into the preliminary solutions.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-7

On page 24 you indicate there is an opportunity to move mail currently processed in manual operations into automated or mechanized operations, and that there are opportunities for doing additional DPS.

a) How many of the 2,072 zones not currently placed in DPS, will likely be placed in DPS under this Mail Processing Network Rationalization effort?

b) How much mail is currently processed in manual operations?

c) Is it only the lengthening of the operational windows that allows the additional automated operations or are there other operational changes that make that possible?

RESPONSE:

(a) The savings calculation is based on doing DPS sorting for all of these zones.

(b) Approximately 90.4 million letter pieces per year currently receive both manual incoming secondary and manual carrier casing. Approximately 687.2 million letters receive automated incoming secondary but manual carrier casing.

(c) It is both the longer operation windows and the consolidation of processing at a smaller number of sites that allow this increase in automated sorting.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-8

In describing the treatment of benefits costs in Appendix A, you state that the retiree health benefits obligations are based on the normal cost as shown in the USPS 2010 10-K. The USPS 2011 10-K shows that normal cost estimates have declined from $3.1 billion in 2010 to $2.9 billion in 2011. What steps did you take to determine how the normal costs were being calculated and that you were using accurate estimates given future staffing plans?

RESPONSE:

As I indicate at page 7 of my testimony, the savings estimates in my testimony are the annual savings that would occur if the processing network described by witnesses Williams, Rosenberg, Neri and Bratta had been fully implemented for handling FY 2010 volumes at FY 2010 wages and other input costs. As such, I have based my calculation of service-wide benefits savings on the FY 2010 costs, including the FY 2010 normal cost for retiree health benefits obligations.

Consideration of savings in future years would need to consider such things as rising wages and input costs as well as likely lower mail volumes, as I note on page 26 of my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-9

You state in footnote 22 of the Appendix that setting the current cost estimate of CSRS pensions at 24.4 percent of the total salary costs of CSRS employees is the appropriate and actuarially sound annual contribution for CSRS retirement. However, the USPS 2011 10-K shows that even OPM now considers the CSRS system to be overfunded by about $2 billion. Please clarify why this is the appropriate assumption to be used to estimate future costs.

RESPONSE:

Service-wide benefits reflect additional compensation (or costs related to employment) received by postal employees during FY 2010 over and above the salaries and benefits included in the cost segments and components of 1-13, 16, 18.1, and 19. One of these service-wide benefits is that related to CSRS pensions. The CSRS employer contributions required under PL 108-18 (but no longer required under current law) represent the best available estimate of CSRS pension benefits earned by Postal Service employees in FY 2010. For a more detailed discussion of this topic, see the Docket No. ACR2007, USPS-FY07-2, Supplement.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T19-10

In your response to APWU/USPS-T9-2 you state that you "calculated savings for a future network based on the preliminary analysis described by witness Rosenberg." Specifically that you identified inactive sites (denoted by "N" in the column "Model Open" in LR.USPS.34.xls) and calculated the savings associated with those sites.

a) Were all facilities listed in LR.USPS.34.xls that had "N" in the "Model Open" column in LR.USPS.34.xls considered to be inactive in your cost savings analysis or only those that had "Y" in the "Current Open" column and "N" in the "Model Open" column?

b) Please confirm that the savings that you calculate become part of the overall $2.6 billion in savings that Mr. Bradley estimates for this initiative?

c) Twenty-six of the facilities with "Y" in the "Current Open" column and "N" in the "Model Open" column have been the subject of AMP studies prior to this initiative and have already undergone implementation of a reduction in the mail processing at the listed facility (either originating, destinating or all mail processing). How did you take that into account in your calculations?

d) Fifty-four of the facilities with "Y" in the "Current Open" column and "N" in the "Model Open" column have been the subject of AMP studies prior to this initiative and have already had a reduction in mail processing activities approved. Doesn't counting the savings from these facilities overstate the savings associated with this initiative since those AMP studies were approved under the assumption that the current service standards remain in place? If not, why not.

e) Four of the facilities on this list have "Y" in the "Current Open" column, "Y" in the "Model Open" column and have either had their mail processing operations reduced through an implemented AMP or will have them reduced due to an approved AMP. How did you treat those facilities in your analysis?

RESPONSE:

a. Not all Model Open=N facilities were included in the Inactive facilities. The main exception is that Model Open=N facilities with MODS Site?=N were not included in Inactive facilities, since my analysis of savings is essentially limited to MODS facilities. In addition, of those facilities with Model Open=N and MODS Site?=Y, there were eight facilities listed as Current Open=N that were not included in the

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

Inactive list (presumably not operating in FY2010). There were also 4 other facilities (annexes) with Model Open=N and MODS Site?=Y (with Current Open=Y) not included on the Inactive list since they share a common Finance number with a facility that is Model Open=Y. Most all of the Inactive facilities have Current Open=Y. Included in the 206 Inactive facilities are 27 facilities with Current Open=N, meaning they closed during or after FY2010. Nineteen of those 27 were Air Mail Facilities, Air Mail Centers, Post Offices, Surface Transportation Centers or Annexes.

b. Confirmed.

c. I did not take that into account. To the extent any change in mail processing operations occurred in FY2010 or before, it is included in my analysis.

d. No. The baseline for my analysis is FY2010. To the extent AMP studies led to cost savings that occurred in or before FY2010, they would be included in my baseline.

e. To the extent any change in mail processing operations occurred in FY2010 or before, it is included in my analysis.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-11

In your response to APWU/USPS-T9-3 you stated that the $448 million in revenues from the sale of vacated buildings were based on current market values generated from "Broker Opinion of Value to sell as is". Were all of the buildings evaluated associated with AMPs that were initiated under this initiative or were some of them associated with AMPs that had already been implemented or approved prior to this initiative?

RESPONSE:

It is my understanding that all of the buildings evaluated were for AMPs associated with

Network Rationalization.

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-12

In your response to APWU/USPS-T9-5 you state that your testimony was based on the fact that at some point our current equipment would need replacement.

a) What is the actual useful life for each type of equipment used in mail processing?

b) Over how many years is each type of equipment depreciated?

c) What is the average age of each of the types of equipment used in mail processing?

d) Did you determine the impact on the useful life of the equipment that will be used of the increased mail volume that will be processed using the equipment?

e) If the answer to d is yes, please provide those calculations.

f) If the answer to d is no, please explain why not.

g) Did you determine the impact on the cost of maintaining the equipment that will be due to the increased mail volume that will be processed using the equipment?

h) If the answer to g is yes, please provide those calculations.

i) If the answer to g is no, please explain why not.

RESPONSE:

a. It is not easy to generalize, some equipment can stay in use long after the original investment is fully depreciated.

b. The original investment on processing equipment is generally depreciated over 10 years. The actual depreciation associated with a piece of equipment may be extended beyond that if significant new investment is made to upgrade or replace components.

c. I provide information on the age for six major types of equipment below. Please note that the average age of mail processing equipment can be hard to define since often equipment is upgraded or significant components are added. The

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

Postal Service has approximately 5,900 Delivery Barcode Sorters (DBCSs) as I indicate in my testimony, on page 13. About 2,500 of these are 15 years old or older. About another 2,700 DBCSs are 10 to 15 years old. Since FY2003, about 736 DBCS have been acquired. For the DBCSs purchased before 2003, all have been upgraded with the Wide Field Of View cameras in 2003. This is discussed in more detail in my response to GCA/USPS-T9-4. Postal Automation Redirection System (PARS) was obtained about 5-7 years ago. Small Parcel and Bundle Sorters were obtained in the late 1990s. Many of those have been or will be upgraded to be Automated Parcel and Bundle Sorters (APBS). The Automated Package Processing System (APPS) was deployed in FY2005 and FY2006. The Automated Flat Sorting Machine 100 (AFSM 100) was deployed between FY2000 and FY2002. Additional modules have been added to further automate tray handling and the feeding of flats about 5 years ago. Finally, the Flat Sequencing System (FSS), most of which was deployed in FY2011, is approaching one year old.

d. No.

e. N/A.

f. I have no information as to what the impact of higher mail volumes is on useful life. Also see my response to NPMHU/USPS-T10-5.

g. See my response to NPMHU/USPS-T10-5.

h. See my response to NPMHU/USPS-T10-5.

i. See my response to NPMHU/USPS-T10-5.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-13

In your response to APWU/USPS-T9-7 a) you indicate that your savings calculations assume that the 2,072 zones not currently placed in DPS would be placed in DPS under the network rationalization plan. What factors currently prevent these zones from being included in DPS?

RESPONSE:

It is my understanding these 5-digit zones or offices which would receive DPS under network rationalization, are not currently receiving DPS for a combination of the following reasons. These are offices:

- That have relatively small letter volumes, with relatively small number of carrier routes.
- Located relatively far away from the plant or SCF.

These two factors when combined with the short DPS processing window associated with current service standards make it uneconomical to run this mail on DPS.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-14

How do "likely lower mail volumes" impact the calculation of normal costs for retiree and health benefits obligations?

RESPONSE:

As I note in my testimony at page 7 and in my response to APWU/USPS-T9-8, the baseline for my analysis is FY2010. If one were to consider a future baseline year, then one would need to update for all anticipated changes associated with future years, including "likely lower mail volumes" and higher wages.

The normal cost of Retiree Health Benefits, should all else equal, decline with lower mail volumes. The Office of Personnel Management (OPM) calculates the normal cost for a given fiscal year taking into consideration the current number of employees eligible for retiree health benefits and the normal cost per employee (which reflects the costs of future health care). For a given normal cost per employee, the lower the number of eligible employees, the lower the normal costs. If volume decline results in lower total number of employees and presumably lower numbers of eligible employees as well, then the normal cost for retiree health benefits will be lower, all else equal.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO APWU INTERROGATORY

APWU/USPS-T9-15

In your estimates of normal costs, (a) what assumptions did you make about the percentage of workers employed in those operations who would not have any retirement costs associated with their employment?; and (b) did you make any adjustments for noncareer positions that do not have any retirement benefits associated with them?

RESPONSE:

I do not make any estimates of normal cost. The normal costs for retiree health benefits are obtained from the Office of Personnel Management (OPM) as required under the Postal Accountability and Enhancement Act (PAEA).[1]

a-b. The savings of retirement benefits is based on the average employee's retirement benefits by craft. As a result, the estimated savings takes into account both those employees with retirement benefits and those without retirement benefits. This is done in the following two ways. First, the use of productive hourly rates or average annual salary and benefits by craft contained in my Attachment 1 is an average covering employees with and without retirement benefits for each craft. Second, the consideration of service-wide benefits savings as discussed in my testimony at page 11, in Table 1 is done using the average ratio for the Postal Service as a whole of service-wide benefits costs to total salary and benefits (aside from service-wide). This ratio is $111.54 of service-wide benefits savings per $1,000 of salary and benefits savings.

[1] 39U.S.C. § 8909a(d)(1).

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO GCA INTERROGATORY

GCA/USPS-T9-1

On page 4, lines 13-15, of your prefiled testimony, you state that plant and equipment capacity cannot be adjusted for various workload fluctuations as a result of automating the mail processing network.

Please confirm that, before the advent of OCRs and BCSs (including DBCS), MPLSMs could not be adjusted for workload fluctuations, so that the capital to labor ratio per machine was essentially fixed. If you do not confirm, please explain why the situation was different for MPLSMs as compared with OCRs and BCSs.

RESPONSE:

I can confirm that the MPLSMs, like other equipment such as DBCS and OCRs, cannot be adjusted for workload fluctuations. However, my point that production capacity has become more inflexible since 1987 still applies. That is because the automation of letter processing has led to a greater share of processing costs for plant and equipment, which means that capacity is more inflexible. This increased inflexibility, along with more uneven workloads, has made the peak load problem worse, as I discuss in my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO GCA INTERROGATORY

GCA/USPS-T9-2

(a) What percentage of the Postal Service's automation equipment is owned by USPS, and what percentage is leased? Please show the applicable percentage separately for each type of automation equipment.

(b) For any contractual leasing arrangements with automation equipment suppliers, what is the structure of the lease terms? For example, are any based on a "click rate", where the capital costs vary directly with the volume being processed? Please list and describe each applicable lease term structure.

RESPONSE:

a. All of the Postal Service's automation equipment is owned by the Postal Service.

b. N/A.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO GCA INTERROGATORY

GCA/USPS-T9-3

(a) For Postal Service-owned automation equipment, what percentage of the total current stock has been fully paid for?

(b) At what rate are DBCSs depreciated, and what are the remaining years and payment amounts due on equipment that has not been fully depreciated?.

RESPONSE:

a. I am not able to identify what is meant by automation equipment, so this response will address all mail processing equipment. The book cost of the current stock of mail processing equipment at the end of FY 2011 is $11.98 billion. Interpreting "what percentage of current stock has been fully paid for" as meaning fully depreciated, the remaining depreciation for the current stock of mail processing equipment is about $3.8 billion, so about 68 percent of the book cost has been depreciated.

b. While mail processing equipment and DBCS generally are depreciated over 10 years, recent DBCS investments in existing and new equipment has resulted in extending DBCS service lives to allow depreciation over 15 to 20 years. Numerous upgrades were made to existing DBCS equipment in the process of replacing OCRs, adapting DBCS for use in PARS and adding stackers, leading to the need to extend the service life or period of depreciation for this equipment. This is further discussed in the response to interrogatory GCA/USPS-T9-4. An approximation of the annual depreciation for the remaining $560 million undepreciated costs for DBCS, given the data from our accounting system, is as follows:

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO GCA INTERROGATORY

Fiscal Year	Annual Depreciation ($s)
2012	51,869,277
2013	51,673,854
2014	50,668,133
2015	49,527,872
2016	48,594,237
2017	46,229,725
2018	42,935,337
2019	42,036,482
2020	36,651,723
2021	33,792,574
2022	30,417,097
2023	21,655,540
2024	18,847,220
2025	18,400,645
2026	13,012,611
2027	990,437
2028	6,667

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO GCA INTERROGATORY

GCA/USPS-T9-4

(a) What is the age composition of all DBCSs?

(b) What is the cost and frequency of routine maintenance annually per machine for DBCSs (e.g. replacing belts, repairing or upgrading barcode scanners, repairing or adding software and related computer systems maintenance work, etc.)?

RESPONSE:

a. Please note that the average age of mail processing equipment can be hard to define since often equipment is upgraded or significant components are added. This is particularly true for DBCS, as the Postal Service has done much upgrading of this equipment. The Postal Service has approximately 5,900 Delivery Barcode Sorters (DBCSs), as I indicate in my testimony, on page 13. The Postal Service had about 3,100 DBCS as of the end of FY 1996 and about 5,200 DBCS at the end of FY 2002. However, 615 DBCS in use at the end of FY1996 were replaced in FY1999. So about 2,500 (=3,100-615) of the DBCS in use today are about 15 years old or older. About another 2,700 DBCSs are 10 to 15 years old. Since FY2003, about 736 DBCS have been acquired as part of the replacement of OCRs (395), the PARS program (20) and additional DBCS capacity (321). In addition, significant investments have been made for DBCS purchased prior to FY2003 as part of these same programs. In particular, the OCR replacement and PARS programs led to the significant upgrading of about 700 of these DBCS. Additional stacker modules were provided for over 1,900 of these DBCS. Also, all DBCS have been upgraded with the Wide Field Of View cameras in 2003.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO GCA INTERROGATORY

b. Maintenance on DBCS is discussed in USPS-LR-N2012-1/59. In addition, the FY2010 DBCS maintenance labor costs and parts/supplies costs are $630.6 million and $57.8 million respectively (see Docket No. ACR2010, USPS-FY10-8). Given 5,916 DBCS in FY2010, this leads to $106,593 of maintenance labor cost and $9,767 parts/supplies costs per DBCS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T9-5

On page 2 of your testimony, lines 10 and 11, you discuss "replacement of Carrier Sequence Barcode Sorter (CSBCS) with more efficient sortation and additional letter automated sorting (incoming secondary and delivery point sequencing (DPS))." On page 13, lines 12 and 13, you cite witness Rosenberg to the effect that the current (FY2010 mid-year total) number of DBCS is 5,916, and would be reduced to 3,165 with the new network.

(a) Are all of the 5,916 pieces of equipment newly purchased automation machinery that is designed only or primarily for DPS sorts? Or, can such equipment do other sort schemes?

(b) Are any of the 5,916 pieces of equipment older, existing automation machinery that has been converted to DPS through adding DPS sort schemes and stacker bins to older automation equipment?

RESPONSE:

a.-b. The 5,916 DBCS in use in FY 2010 were fully capable of DPS sorting and other sorting at the time of purchase or acquisition, as indicated by witness Neri in his responses to GCA/USPS-T4-18 and 19. See my response to GCA/USPS-T9-4(a) for a summary of the history of the purchases of these 5,916 DBCSs over the past 20 years.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T9-8

Regarding your statement from page 20, line 20 – page 21, line 2:

(a) Why would the Postal Service use the $327 million of "net revenue" from vacating 93 buildings to make "capital investments for postal plant, equipment or vehicles, earning at least a 10 percent annual return"?

(b) Would not the combined impact of falling postal volumes and large annual deficits lead USPS to forego any such investments, regardless of whether it was new investment or replacement investment?

(c) To what extent would the above-cited $327 million of net revenue from vacating 93 buildings be used to make capital investment primarily or exclusively serving (i) flat-shaped mail (regardless of class), (ii) parcel-shaped mail (regardless of class), (iii) package services, whether market-dominant or competitive, and/or (iv) products in the competitive sector, subject to 39 U.S.C. § 3631 et seq.?

RESPONSE:

a.-c. My statement and my understanding of the investment rationale and opportunities are based on the 2011 Report on Form 10-K of the United States Postal Service, at page 9, as discussed in footnote 17, page 21, of my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T9-9

On page 24, lines 12-13, you state "there are 2,072 zones not being sorted to the finest depth of sort and placed in DPS."

(a) What is the frequency of each of the following characteristics among the 2,072 zones:

(i) urban 5 digit ZIP codes?
(ii) rural 5 digit ZIP codes?

(b)

(i) What is the total annual volume of letters for the 2,072 zones?
(ii) What is the geographic distribution of the 2,072, by region and by state?

(c) How many zones as you define them above are there in the country?

(d) What is the percentage of all FCLM that is now delivery point sequenced (DPS)?

RESPONSE:

There are 2,082 zones not being sorted to the finest depth (an errata will be filed).

a. See the attached (GCA.USPS.T9.9.xls) listing these 2,082 5-digit zones.

b. The total annual automation compatible letter volume is as shown in Table 10 of my testimony. There are 499 zones currently receiving manual incoming secondary and manual carrier casing with 90.4 million annual volume. There are 1,583 zones currently receiving automated incoming secondary and manual carrier casing with 687.4 million annual volume. This totals 777.6 million in annual volume of automation compatible letter mail. As discussed in my response to POIR No. 5, Question 23, these volume estimates are based on data from August 2011. I do not have the information on the volume of non-automation compatible letters.

c. 2,082.

d. I don't know what the percentage is for First-Class Mail letters.

Zip_Codes_Manual_IS
02553
02561
02575
04660
04765
04979
06243
06263
06264
13675
13844
14744
14744
14803
14804
14861
14864
14869
14894
15310
15327
15333
15345
15351
15538
15840
22639
22640
22643
22650
22663
22715
22959
24072
24167
24221
24292
24323
29051
29175
29525
35549
35549
35564
35593
37016
37019
37057
37151
37710
37710
37713
37713
37715
37715
37731
37753
37753
37765
37829
37829
37848
37892
37892
38044
38226
38318
38359
38387
38390
38390
38392
38460
38473
38487
38839
38839
43013
43066

Zip_Codes with Auto IS
01515
01531
02671
03217
03226
03817
03830
03836
03846
03849
03853
03856
03864
03871
03875
03882
03883
03890
04022
04658
04681
04740
04747
04757
04758
04786
04848
04911
04943
08349
10179
12085
12137
12169
12197
13122
13153
13158
13163
13335
13744
13750
13776
13788
13796
13802
13807
13861
13902
14709
14731
15436
15437
15468
15611
15612
15618
15620
15622
15623
15637
15661
15671
15673
15688
15692
15696
15698
15823
15849
16112
16131
16402
16405
16411
16420
16436
16443
16851

43084	16853
43115	17317
43153	17506
43320	17887
43343	18086
43347	21538
43719	21612
43719	21636
43719	21640
43720	21645
43728	21649
43747	21659
43771	21662
43788	21671
43802	21902
43840	21914
44620	22106
44620	22482
44625	22841
44625	22958
44629	23337
44651	23410
44651	23415
44689	23416
44689	23421
44695	24138
44695	24168
44699	24431
46045	24435
47236	24440
47381	24874
49880	25252
49880	25262
49916	25270
49916	25305
56521	25839
56522	26032
56523	26036
56546	26039
56552	26060
56592	26075
56594	26134
57312	26218
57339	26253
57450	26280
57656	26386
57751	26410
57764	26542
58833	26547
58856	26571
59027	26662
59641	26678
59915	26719
59919	26763
59926	26767
59929	27812
59930	27820
59931	27845
60536	27860
60537	27878
60912	27880
60928	27897
60951	27923
60952	27929
60952	27938
60962	27939
60968	27960
61810	27986
61816	28020
61831	28071
61848	28137
61852	28167
61855	28450
61871	28510
61940	28515
63430	28573
63432	28717
63439	28743
63451	28772
63453	28790
63454	29563

63460	29712
63464	29714
63471	29729
63472	29742
63821	29828
64017	30330
64017	30537
64088	30552
64088	30568
64745	30572
64770	30576
67351	31054
68813	31314
68828	32193
68833	32399
68860	32612
71247	32694
72004	33924
72013	34484
72030	34760
72127	35019
72129	35034
72157	35073
72655	35078
72686	35087
74061	35089
74061	35091
74332	35148
74365	35171
74365	35172
74633	35183
74723	35188
74865	35963
74930	35974
74932	35979
74932	35987
74940	37657
74940	37688
76934	37691
76935	37694
76941	38047
78370	38311
79527	38504
81123	38578
81136	38633
81143	39561
81146	39886
81155	40009
81210	40012
81223	40052
81225	40062
81236	40145
81237	40152
81243	40170
81251	41059
81253	41256
82223	42024
82433	42035
82516	42036
83455	42040
83455	42054
85623	42056
87416	42085
87520	42170
87520	42207
87722	42215
87723	42259
87729	42352
87731	42441
87733	42453
87746	42458
87820	42461
87823	42462
87831	43008
87832	43511
87930	43766
87931	43902
87933	43908
87936	44251
87940	44628
87941	44633

87943	45034
88023	45162
88023	45685
94923	45711
94923	45727
94937	45729
94946	45741
95410	45746
95415	45766
95421	45768
95449	45770
95456	45773
95458	45775
95462	45778
95464	45788
95466	45814
97730	45821
97731	45827
97733	45841
97737	45845
97823	45860
97823	45867
98644	45873
98645	45874
98670	45877
06254	45880
06254	45889
14101	45896
14781	47114
14781	47116
14898	47142
15338	47147
15352	47163
15357	47177
15362	47522
15410	47527
15864	47577
16347	47611
24248	47612
24250	47616
24271	47640
24281	47649
25984	47666
26146	47809
26273	47832
27355	47854
27927	49814
29075	49817
29075	49818
32163	49821
35469	49835
35579	49836
35579	49896
35580	49905
35580	49908
35980	49912
36250	49919
37724	49969
37724	49970
37727	54004
37727	54007
37755	54009
37755	54026
37756	54028
37756	54611
37806	54628
37806	54631
37810	54635
37847	54638
37847	54648
37866	54652
37866	54655
37881	54658
37881	54664
37888	55017
37888	55031
37891	55049
37891	55053
40313	55065
40313	55074
40873	55087

43003	55310
43045	55312
43060	55335
43067	55341
43071	55381
43145	55385
43154	55390
43164	55396
43340	56222
43345	56229
43360	56244
43730	56284
43732	56568
43739	56653
43754	56655
43755	56756
43760	56761
43767	57213
43772	57218
43804	57247
44608	57255
44608	57263
44611	58210
44611	58238
44634	58239
44634	58281
44638	58316
44638	58329
44675	59820
44675	59826
56536	59866
56576	60934
57623	61811
57772	61812
58830	61913
58845	61919
59218	62473
59261	62803
59263	62816
59275	62846
59910	62898
60549	62905
60931	62942
60949	62956
60949	62957
60958	62969
60959	62970
60959	62974
61841	62976
61841	62977
61862	62979
61870	62982
61870	62984
61917	62990
61917	62992
61925	63654
61925	63735
61929	63766
61929	63837
61930	64769
61930	65025
61932	65034
61932	65040
63463	65047
63465	65061
63474	65068
63739	65075
63751	65080
64670	65230
64750	65244
68879	65258
71430	65262
72039	65264
72111	65282
72136	65283
72536	65287
74364	65566
74454	66710
74941	66711
76951	66724
81152	66738

83414	66751
87711	66756
87728	66771
87734	66777
87752	66779
89419	68623
89444	70354
95428	71350
95468	71833
95469	72533
95485	72658
95551	73016
98257	73038
98257	73048
98557	73062
98557	73456
98568	73541
98568	73628
12149	73763
12149	73859
22967	74455
24225	75261
24236	75929
24236	75931
29039	75932
29039	75938
29112	75974
29628	75980
29628	76366
29684	76377
29684	76379
35546	76464
35546	77364
37726	77420
37726	77426
37770	77482
37770	77485
37811	77564
37811	78010
37843	78052
37852	78152
37852	78235
37872	78674
37872	78832
43014	80535
43102	80610
43137	80642
43148	80644
43149	80728
43150	80731
43155	80743
43332	81431
43358	83804
43727	85348
43748	85928
57632	87522
57632	87528
57632	87552
59324	87566
60530	87574
60921	89040
60921	90831
60946	92061
60960	92070
60960	92539
64648	92549
64843	94020
64843	95223
74441	95245
76945	95328
05851	95346
15349	95365
22625	95372
24244	95389
24244	95441
24260	95465
24260	95669
24465	96103
29689	96114
29689	96120
43314	97011

43318
64720
64720
67834
72576
98232
98232
29655
29655
50012
57720
59215
85355
29653
29653

97017
97019
97020
97022
97042
97110
97118
97134
97135
97136
97137
97147
97347
97366
97380
97410
97419
97429
97434
97441
97450
97454
97465
97469
97476
97480
97484
97488
97489
97492
97818
97820
97824
97826
97827
97830
97843
97844
97868
97870
97875
97883
97885
97886
98394
98638
98862
99001
99341
99348
99737
99743
99760
99780
00638
01431
01503
01506
01529
01534
01542
03057
03223
03258
03440
03449
03812
03837
03838
03844
03851
03852
03855
03869
03886
03887
03902
04253
04263
04294
04424

04623
04732
04761
04860
04910
04928
04945
04947
04966
04983
04988
12056
12059
12094
12106
12138
12154
12168
12193
12814
12835
12846
12865
12932
13026
13034
13040
13042
13060
13063
13071
13076
13080
13083
13112
13146
13156
13167
13304
13327
13428
13431
13459
13493
13755
13756
13775
13808
13809
13839
13843
14718
14724
14735
14739
14747
14770
14782
14807
14809
14814
14826
14847
15344
15438
15442
15456
15474
15479
15486
15558
15639
15655
15670
15672
15868
16020
16123
16124
16133
16143

16145
16153
16313
16340
16346
16442
21521
21530
21622
21623
21625
21631
21635
21651
21654
21657
21661
21668
21679
22035
22853
23315
23350
24069
24087
24089
24092
24102
24128
24133
24162
24165
24176
24324
24445
24482
24486
24527
24555
24620
24631
24712
25033
25082
25168
25181
25253
25843
25854
26035
26055
26059
26142
26184
26205
26374
26408
26419
26541
26570
26588
26619
26621
26679
26681
26711
26743
27805
27806
27808
27816
27824
27831
27832
27839
27842
27844
27846
27849
27852
27864

27869
27876
27883
27885
27888
27928
27980
28098
28349
28351
28394
28456
28458
28578
28701
28747
28774
29530
29546
29547
29827
31002
31019
31037
31068
31076
31078
34449
35006
35033
35063
35072
35116
35130
35131
35136
35143
35178
35541
35576
35961
35971
35973
35983
38425
38450
38461
38477
38482
38488
38553
38563
38579
38588
39456
39669
39870
40046
40157
40176
40740
40935
41002
41064
41093
41095
41149
41189
41222
42020
42021
42023
42039
42045
42048
42049
42058
42076
42078
42079
42082

42236
42273
42325
42337
42355
42372
42404
42406
42409
42411
42442
42451
42455
42456
42464
43001
43716
43778
43780
43837
43901
43903
43977
43986
43988
44235
44276
44429
44437
44491
44637
44645
44666
44669
44677
45053
45101
45113
45118
45120
45159
45634
45647
45654
45657
45681
45682
45684
45715
45724
45734
45735
45742
45743
45745
45761
45772
45844
45850
45881
47032
47135
47137
47141
47166
47613
47615
47619
47634
47637
49853
49958
53706
54623
54624
54626
54642
54644
55001
55007
55012

55027
55052
55084
55088
55089
55314
55315
55322
55332
55342
55353
55354
55360
55363
56516
56628
56634
56672
57268
57381
58046
58366
58494
59832
59845
59873
59874
60917
60918
61844
61859
61876
61912
61914
61933
61937
62418
62427
62443
62468
62476
62477
62808
62828
62835
62838
62849
62899
62919
62931
62934
62941
62954
62972
62987
63655
63673
63736
63771
63781
63787
63848
63862
63876
63961
64631
64725
64734
64738
64740
64742
64748
64755
64762
64763
64767
65016
65024
65035
65054
65058

65072
65082
65543
65740
65745
65779
66753
66755
66776
66781
70041
70079
70339
70342
70343
70357
70392
70395
70549
72556
72634
72641
73433
73848
73852
75954
75959
75969
75975
77358
77360
77362
77363
77430
77455
78055
78071
78160
78284
79528
80512
80536
80540
80643
80645
80651
80654
83655
89124
89415
92091
92548
95228
95231
95249
95310
95633
95634
95684
95918
96107
96122
97004
97021
97026
97037
97063
97101
97111
97326
97346
97413
97430
97435
97442
97447
97453
97461
97463
97466
97473

97481
97493
97495
97721
97834
97836
97846
98392
98576
98828
98831
98844
98851
98856
98857
99126
00650
00714
00723
01468
01541
01585
02556
02638
02646
03044
03048
03071
03086
03234
03242
03254
03257
03269
03278
03451
03809
03813
03814
03819
03827
03858
03872
03905
03906
04627
04920
06280
12157
12833
12912
13030
13033
13052
13053
13074
13084
13092
13131
13132
13140
13166
13320
13332
13411
14710
14738
14806
14821
14873
15376
15424
15473
15610
15679
15687
16130
16350
21561
21639
21660

21663
21673
21678
22821
22844
22851
22920
22923
23696
24070
24137
24317
24380
24421
24441
24520
24549
24554
24556
24656
24844
24870
25123
25286
26143
26147
26149
26206
26250
26261
26385
26444
26447
26610
26623
26704
26710
26755
28383
28530
28571
28723
29570
29583
29590
29643
29831
30808
35053
35114
35147
35184
35578
35959
35962
37656
37690
37692
38456
38463
38472
38551
41004
41006
41030
41141
42027
42051
42055
42087
42088
42351
42413
42452
42635
42647
43046
43342
43749
43758
43773

43787
43821
43822
43910
43942
44215
44401
44402
44412
44428
44430
44440
44442
44445
44451
44452
44470
44609
44627
45052
45130
45135
45142
45167
45169
45613
45628
45644
45652
45653
45658
45679
45686
45744
45771
45784
45786
45882
47037
47631
47633
47638
47639
49887
54622
54639
55072
55080
55375
56264
56630
59847
59859
60919
61850
62414
62424
62428
62467
62810
62823
62830
62854
62870
62875
62888
62935
62938
62988
63446
63730
63822
63937
64668
64747
64844
64854
64856
64862
65013
65017

65083
65085
65466
65550
65588
65611
65681
65704
65717
65734
65769
70344
70359
70390
70591
71957
71968
72519
77371
77423
77518
78013
78022
78065
78631
80549
83276
83611
83676
83822
92140
92567
95329
95333
95614
96134
96137
97032
97114
97115
97146
97417
97431
97436
97497
97499
97882
98331
98333
98339
98349
98359
98591
01430
01505
01523
01770
02568
03032
03033
03034
03036
03037
03070
03225
03261
03446
03873
03884
03901
12075
12122
12809
13068
14712
16345
16373
21643
22560
22824
22842

22947
23310
23336
24127
24263
24630
25248
26335
26525
26753
28366
28398
28429
28586
28722
29385
29555
29581
29591
29692
29847
35739
36549
38549
38581
38585
42081
43061
43080
43135
43777
43824
44403
44438
44473
44606
44618
44676
45612
45614
45697
45723
45767
47041
47042
47665
62447
63627
63769
63825
63851
63966
64776
64779
64784
64831
64865
65438
65441
65462
65486
65552
65571
65661
65753
70420
72650
77331
80723
80737
83252
83274
85361
85935
89019
95388
95666
97016
97048
97148
98380

98596
98840
98841
00617
00687
00705
01451
01464
01516
02655
03042
03244
03253
03461
13118
21655
22815
22973
23417
23487
28431
28463
29661
35031
41041
41097
41171
43072
43112
43334
43830
44431
44436
47043
63877
65452
65542
65548
65556
65606
65655
65667
77480
78003
78063
80720
89429
95222
95321
97462
98541
98816
00692
02633
03077
03229
03281
21875
23314
28340
28425
29666
41040
43011
43028
54482
65565
65747
80734
98855
99835
03049
03825
23824
26288
28364
28377
28466
29645
36561
63764

77445
77447
80758
80759
83254
89029
98365
98579
00783
16802
50319
65737
70445
72560
77578
78669
98528
00674
22508
28315
29568
32136
78163
95338
29369
55155
77583
00646
23847
28465
39553
89403
92596
00682
34461
36542
85132
00693
46556
28374
00603
34465
00680
34442
30046
14260

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T9-10

(a) Please refer to your comment on page 24, lines 6-9. Why can't manual letters be moved into automation operations now rather than being sent to a separate facility for manual letters, flats and parcels?

(b) Short of ending overnight delivery for all Single-Piece FCLM, what changes would have to be made that allowed manual letters to be sent directly into automation operations, (thus ending overnight delivery only for manual letters)?

RESPONSE:

a. The referenced statement from my testimony was a point that is further elaborated in the paragraph which follows the referenced one. To summarize, I am saying that it is my understanding that, under the proposed network, there is an opportunity to automate the processing of additional letter mail, since there are automation compatible letters which are not currently receiving DPS sorting, some of which don't even receive an automated incoming secondary sort. End-of-Run (EOR) data for automated incoming primary was used to identify letter volumes going to 5-digit Zones (or Zip Codes) which do not currently receive DPS processing or in some cases don't receive either DPS or automated incoming secondary. This letter mail is currently being processed manually at various locations – though the current treatment isn't one of "being sent to a separate facility for manual letters, flats and parcels," as characterized in part (a) of the question. My response to part (b) addresses the question of whether such mail could be moved to automation operations now.

b. As to whether this letter mail currently getting manual sorting could be automated now or via some other way than the proposed service standard

changes under Network Rationalization, I have been informed of the following. Without looking at the reasons each of these 5-digit zones don't currently receive automated sorting, it is not possible to say what options there are. If these are offices that either:

- have relatively small letter volumes, with relatively small number of carrier routes.
- Are located relatively far away from the plant or SCF.

These two factors when combined with the short DPS processing window associated with current service standards make it uneconomical to run this mail on DPS. Automating this mail would require the proposed Network Rationalization. To the extent the mail in these zones were excluded from automation due to capacity shortages, during the current narrow processing windows, shortages that will be alleviated as volumes decline – then there could be opportunities under the current network. Based on the volume data for these 2,082 non-automated 5-digit zones (which have approximately 777.6 million annual volume) the average daily volume per zone is 1,153 pieces, with the smallest being 4 pieces per day and the largest being 34,368. This suggests that small volumes are an important part of the reason these zones are non-automated. For zones with relatively small letter volumes there won't be an opportunity under current operations to automate such mail or if there is an opportunity the costs associated with keeping DBCS maintained and staffed just to run small volumes of mail may greatly reduce the savings.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO GREETING CARD ASSOCIATION INTERROGATORY

Under Network Rationalization, the opportunity to automate the sorting of this mail grows due to the longer operating window of the proposed network in two ways. First, I am told that longer operating windows afford greater opportunity to combine 5-digit zones with small volumes into one DPS sort scheme enabling more efficient sorting. The combining of 5-digit zones to form DPS sort schemes is discussed by witness Rosenberg, USPS-T-3 at page 24. Second, it is my understanding that in the DPS environment described by witness Neri, USPS-T-4, at pages 19-21, and witness Rosenberg, USPS-T-3, pages 24-26, the longer operating window affords running more DPS sort schemes on each machine including scheduling the processing of further away zones earlier to accommodate the longer distances. In current operations running mail volume for small volume, far away zones can only be done by putting such mail on DBCS early in tour 1, at risk of running out of time for processing other zones, on heavier volume days.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T9-11

The Postal Service OIG reported in June of 2006 (Report Number NO – AR – 06 -005, page 2) that "the Postal Service placed over 3,700 CSBCSs in its facilities to increase overall mail processing capacity nationwide in anticipation of increased letter mail volume. Unfortunately, the entire growth of projected letter mail volume did not occur."

(a) What was the financial loss to the Postal Service of that excess capacity it created in CSBCSs?

(b) How many CSBCSs have been replaced by DBCS equipment?

(c) Please explain fully why the number of DBCSs purchased does not represent substantial excess capacity, in light of the experience with DPS on CSBCS equipment, as reported by the OIG.

RESPONSE:

a. I have no information relating to your question. I am not aware of a study with this information.

b. Approximately 3,750 CSBCS were deployed in the FYs 1995 to 1997. As of the end of FY 2011, there are 305 CSBCS in use (based on EOR data). From this we can say that about 3,445 CSBCS have been removed.

c. My testimony does not deal with these types of questions. I don't have any information regarding whether the "number of DBCS purchased does not represent substantial excess capacity." The only pertinent information I can offer is contained in my response to GCA/USPS-T9-4(a) on the Postal Service's DBCS purchases over the past 20 years.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T9-14

On page 13, lines 11-13, of your testimony you discuss the number of DBCS machines currently (5,916), and the number after the new network is operational (3,165). However, the throughput of DBCS 7 machines is said to be 30 percent greater than DBCS 6 machines.

(a) Are both calculations you cite based on DBCS 6 machine throughputs? If your answer is "yes", please answer parts (b) and (c) below. If it is not, please specify and describe the throughputs underlying these calculations

(b) Assuming DBCS 7 equipment is deployed nationwide by the time the new network is "full up", please confirm that the number of DBCS to process the same volume would be reduced to 4,551 machines (5,916 /1.3). If you do not confirm, please explain.

(c) Please confirm that the elimination of 1,365 DBCS 6 machines due to the higher throughput of DBCS 7 machines could be accomplished without any change in current service standards. If you do not confirm, please explain.

RESPONSE:

a. I have not done any calculations to determine the number of DBCS. I have merely reported the number of DBCS in use in FY2010 and the number of DBCS needed in the proposed network as per witness Rosenberg, as indicated in my testimony.

b. I am not aware of any DBCS 7 deployments. In any event, I have no idea how many DBCS 7 machines would be needed.

c. I am unable to answer this question.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/USPS-T9-3

Referring to the list of planned facility consolidations published by the Postal Service on February 23, 2012 at http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf, please:

a) Given that the Postal Service has decided that only forty of the 252 potential consolidations should be fully closed, how does that affect your calculations of cost savings?

b) Given that the Postal Service has not approved approximately forty-one out of the 252 potential consolidations, how does that affect your calculations of cost savings?

c) Please provide updated cost savings, with supporting data in the form of Library References, based upon all the consolidation decisions contained in the Postal document at http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf.

RESPONSE:

a-c. My testimony is premised on inputs from Operations witnesses Bratta, Neri, and Rosenberg. Unless these Operations witnesses conclude that the relevant inputs should change, my testimony is not affected. In addition, I would note that, because of the limitations in AMP studies discussed by witness Williams in response to APWU/USPS-T1-26, I would expect an application of my methodology to the refined network concept to yield a cost savings estimate that is likely significantly higher than the aggregate savings implied by totaling all of the AMP study results.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO NPMHU INTERROGATORY,
REDIRECTED FROM WITNESS NERI

NPMHU/USPS-T4-19

Referring to Library Reference 48:

(a) please explain what "operation", "fhp", "tph", "nonaddtp", "tpf", and "hours" mean.

(b) Please explain how the data in this spreadsheet can be used to calculate productivity variances across or between mail processing plants, as you stated in your response to NPMHU/USPS-T4-17(b).

RESPONSE:

a. The explanations of these MODS or Management Operating Data System data are as follows:

operation – 3-digit MODS operation designates uniquely defined activities (operations) performed in Post Offices. For a list of these operations and their descriptions for FY2010, see Docket No. ACR 2010, USPS-FY10-44, filed February 28, 2011.

fhp – MODS First-Handling Pieces (FHP). A first handling piece is the initial distribution of a letter, flat, or parcel received in a Postal Service facility. Each mailpiece distributed in an office receives one and only one FHP count. The FHP for a distribution operation is the volume of mail receiving its initial sortation at a facility.

tpf – MODS Total Pieces Fed (TPF). TPF is the number of pieces inducted at the front of mechanization or automation equipment. This count includes rejects, reworks, re-feed, etc. There is no TPF number for manual operations.

tph – MODS Total Pieces Handled (TPH). TPH is a count of successfully sorted

pieces on automated equipment, and total processing volume in manual operations (where TPF is not measured). For mechanized and automated operations, TPH is calculated by subtracting the number of rejected mailpieces from the TPF.

nonaddtph – MODS Non-Add TPH is the TPH count in non-distribution operations (e.g., bundle sorts on APPS or SPBS, or allied operations for which counts are obtained). While such volumes are computed as TPH, they are not added to the bottom line for mail processing distribution — thus, the name non-add total pieces handled (NA TPH).

hours – MODS workhours for each 3-digit operation are the total hours worked in that operation taken from clock ring data from several Postal Service systems – usually from the Time and Attendance Collection System (TACS).

b. The PRC decision, at page 45, showing a table based on a GAO analysis, titled "Productivity (Total Pieces of Mail Processed per Hour) at Small, Medium and Large P&DCs for FY2004," is presumably the productivity data that NPMHU/USPS-T4-17(b) sought to be updated. There is no detailed description of these calculations. I can only surmise, based on the title, that it would appear that one could calculate an annual productivity for each plant using total TPH (or another workload measure) divided by total hours for some portion or all operations. The data for such calculations are contained in USPS-LR-N2012-1/48.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO NPMHU INTERROGATORY,
REDIRECTED FROM WITNESS NERI

Please note that comparing such aggregate productivities across plants, given the different mix of distribution and allied (or non-distribution) work each plant performs, is not necessarily indicative of relative efficiency. I would not recommend this approach and so I have not considered specifically how to do it.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES, REDIRECTED FROM WITNESS RACHEL

NPMHU/USPS-T8-1. Please explain how the FTE reductions anticipated, as expressed in the Postal Service's Institutional Response to the Public Representatives First Interrogatory, PR/USPS-T8-1 relate to: (a) the staffing requirements for each facility, as identified in the ongoing AMP process; and (b) the cost savings as estimated by witness Bradley in Table 16 of his testimony.

RESPONSE:

(a) There is no relationship between the Full Time Equivalent (FTE) reductions anticipated, as expressed in the Postal Service's Institutional Response to the Public Representatives First Interrogatory, PR/USPS-T8-1, and the staffing requirements for each facility, as determined by the AMP process.

(b) The FTE reductions provided in the institutional response to PR/USPS-T8-1 are based on the savings estimates submitted in my testimony (USPS-T-9) and the testimony of witness Bradley (USPS-T-10). Specifically, the FTE reductions are a product of dividing the workhour (or salary and benefits dollar) savings by the workhours (or salary and benefits dollars) per FTE for a specific position. For example, the motor vehicle operator FTE reductions of 1,387.2 provided in the institutional response to PR/USPS-T8-1 are the ratio of 2,435,902 workhour savings identified by witness Bradley, USPS-T-10 at page 35 for LDC 34, divided by the Vehicle Driver workhours per FTE of 1,756 shown in witness Smith, USPS-T-9, Attachment 1.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES, REDIRECTED FROM WITNESS RACHEL

NPMHU/USPS-T8-10. On page 18 of your testimony, you state that "at impact sites without multiple mail processing locations within the commuting area. . . a greater reliance on accelerating normal attrition will be necessary in order to more timely capture staffing reduction savings."

(a) Please explain what the Postal Service has done to plan for "accelerating normal attrition" in such circumstances, including by identifying the locations where you anticipate that this greater reliance on accelerating normal attrition will be necessary.

(b) Please confirm that the Postal Service's projected costs savings as presented to the Commission presuppose that this acceleration of normal attrition will be achieved. If not confirmed, please explain why this is not accurate.

RESPONSE:

(a) [Answered by Postal Service Witness Kevin Rachel (USPS-T-8).]

(b) Not confirmed. The savings witness Bradley and I estimated in our testimonies constitute the annual ongoing savings the Postal Service could obtain after network rationalization has been fully implemented. Please see my testimony at pages 6 through 8. They do not presuppose the speed at which the cost savings will be achieved, including through the acceleration of normal attrition.

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS SMITH TO NPMHU INTERROGATORY
REDIRECTED FROM WITNESS BRADLEY

NPMHU/USPS-T10-5

Does your cost estimates account for the fact that increased usage of mail processing equipment at each remaining site will lead to increased maintenance and a shorter useful life for these pieces of equipment? If so, please identify where in your cost estimates this fact is accounted for. If not, please explain why this was not included in your calculations.

RESPONSE:

My testimony, USPS-T-9, page 14, Table 3 provides mail processing equipment maintenance labor savings of $307.4 million. These savings are based on the determination of witness Bratta that Network Rationalization will allow a reduction of 3,376 mail processing maintenance staff (see my testimony pages 13-14). To the extent witness Bratta's determination reflects increased maintenance for the processing equipment at the remaining sites, then my cost savings do as well.

My cost savings estimate doesn't take into consideration any changes, shorter or longer, in the useful life of mail processing equipment. Depreciation for mail processing equipment is based on a 10 year service life. I have no information that this would change under the proposed Network Rationalization. Also, as I point out in my testimony, pages 15-16, I have not estimated the savings in depreciation expense associated with the reduced equipment required under the full implementation of Network Rationalization.

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS SMITH TO NPMHU INTERROGATORY
REDIRECTED FROM WITNESS BRADLEY

NPMHU/ USPS-T10-12

Please explain how your calculations relate to the estimated reduction in FTE employee workhours stated in the Postal Service's response to the Public Representative's Interrogatory 1, USPS-T8-1, including in your answer: (a) whether one set of calculations was derived from the other and, if so, how they were so derived, and (b) what portion of your cost savings are attributable to these reduction in FTEs.

RESPONSE:

a. As indicated in my response NPMHU/USPS-T8-1 redirected from witness Rachel, filed January 25, 2012, the FTE reductions provided in the response to PR/USPS-T8-1 are based on the savings put forth in my testimony, USPS-T-9, and witness Bradley, USPS-T-10. The spreadsheet NPMHU-USPS-T10-12.Revised.3.15.xls, which is attached to this response, shows the calculations of the FTE reductions. This demonstrates that the FTE reductions are simply a restatement of the savings estimates from witness Bradley and myself in terms of FTEs.

b. The attached spreadsheet shows the basis for the calculations of the FTE reductions, referencing the pertinent testimonies and library references.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO NPMHU INTERROGATORY
REDIRECTED FROM WITNESS BRADLEY

NPMHU/USPS-T10-13

Please state what portion of the "rents or rental opportunity costs" savings you identify in Table 16 are: (a) attributable to rents on leased facility space; and (b) attributable to rent on leases from which the Postal Service may be released within 2012.

RESPONSE:

a. Of the $49.5 million savings for "Rents or Rental Opportunity Costs" shown in witness Bradley, USPS-T-10, Table 16, $16.8 million are from rents on leased facility space.

b. The portion of the $16.8 million savings that is from leases that expire in 2012 is $687,000. In addition, it is also possible that the Postal Service could be released in 2012 from leases that expire later than 2012 as well.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SMITH TO NPMHU INTERROGATORY
REDIRECTED FROM WITNESS BRADLEY

NPMHU/USPS-T10-14

Please state whether your cost estimates for "rents or rental opportunity costs" account for the different commercial real estate market conditions in each of the various locations where the Postal Service may close processing facilities.

(a) If the answer to the above is yes, please provide explain in detail on how these individual market conditions were determined and how they factored into your analysis.

(b) Please explain how your calculations regarding "Facility Related Costs Changes" would change if the Postal Service is unable to rent or sell the properties that it currently owns.

(c) Please identify any properties that the Postal Service owns that it is trying to sell, or has determined is not able to be sold.

RESPONSE:

Yes, commercial real estate market conditions in each of the various locations under study were taken into account. As indicated in response to APWU/USPS-T9-3, part c, the Postal Service obtained Broker Opinion of Value to sell (BOV), to estimate revenues from the sale of the properties under study.

a. The BOV for each property provides the value of the property determined by a local broker assuming it is to be sold "as is" with in a 12 month time frame based on local real estate market conditions.

b. The "Rents or Rental Opportunity Costs" savings shown in witness Bradley, USPS-T-10, Table 16 of $49.5 million is based on estimated rents saved on leased space and the annual earnings on the net proceeds from selling vacated owned facilities as described in my testimony at pages 19-20. To the degree the

Postal Service was unable to rent or sell these properties, the savings would be lower.

c. The Postal Service has filed a partial objection to this interrogatory. In addition, the Postal Service notes that it has not made any decisions on what properties to sell associated with Network Rationalization.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T-9-1
Please refer to page 15 of your testimony, which states that witness Rosenberg says "there will be a reduced need for Biohazard Detection System cartridges." Please provide the source for this statement.

RESPONSE:

Witness Rosenberg, USPS-T-3, provided the following information, summarized in the table below, and also provided in the attached Excel spreadsheet "Response to PR-USPS-T9-1.xls". The "current" number of Advanced Facer Canceller Systems (AFCS), as of October 2011, is 946. This is the number of AFCS in use in the third week of October. Their deployment at 224 plants requires 520 Biohazard Detection Systems (BDS), each of which requires cartridges for operation. A BDS is required for every two AFCS, so the number of BDS equals the number of AFCS divided by two. In cases where a plant has an odd number of AFCS, however, the number of BDS required is the same calculation, except it needs to be rounded up to be a whole number. So a plant with 10 AFCS needs 5 BDS, while a plant with 11 AFCS needs 6 BDS. The table below shows that the current deployment of the 946 AFCS requires 520 BDS. The calculation is: 85 X 1 + 56 X 2 + 40 X 3 + 26 X 4 + 10 X 5 + 3 X 6 + 2 X 7 + 1 X 8 + 1 X 9, which is to say there is (24 + 61=) 85 plants with 1 BDS each, (26+30=) 56 plants with 2 BDS each, and so on, totaling 520.

Witness Rosenberg also provided her determination of the AFCS required for the proposed network. Using the same method described above, 617 AFCS at 121 plants require 335 BDS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PUBLIC REPRESENTATIVE INTERROGATORY

Calculation of the Number of BDS Cartridges for Current vs. Proposed AFCS

		Number of Plants By AFCS/BDS Counts	
Number of AFCS	Number of BDS	Current* (October, 2011)	Proposed**
1	1	24	10
2	1	61	24
3	2	26	13
4	2	30	13
5	3	21	9
6	3	19	17
7	4	14	9
8	4	12	6
9	5	5	7
10	5	5	7
11	6	2	2
12	6	1	1
13	7	0	1
14	7	2	0
15	8	1	2
16	8	0	0
17	9	1	0
Total Plants with AFCS		224	121

Total AFCS	946	617
Total BDS	520	335

*End of Run (EOR)
**USPS-LR-N2012-1/37

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T-9-2

Please provide electronic, machine-readable copies of Tables 9, 10, and 11 in your testimony that have links to Library References submitted either in this case, or the FY 2010 ACR. If other data sources were used, provide an electronic copy of the spreadsheets used, with links, and identify the source of data contained in other worksheets.

RESPONSE:

The requested information has been provided in USPS-LR-N2012-1/23 and USPS-LR-N2012-1/24. USPS-LR-N2012-1/23 provides the Excel spreadsheets for Tables 9 and 10 (in spreadsheet LR23 Tables.xls, sheets Section Two and Section Three). These spreadsheets link to the other spreadsheets in USPS-LR-N2012-1/23, which are files from Docket No. ACR2010, though modified as shown to include additional or modified calculations. Table 11 is provided in USPS-LR-N2012-1/24 in the spreadsheet "Smith Testimony Tables.xls". Table 11, provided on tab Table 11, links to the other tables of my testimony, which are contained on the other tabs of this spreadsheet.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO PUBLIC REPRESENTATIVE INTERROGATORY
REDIRECTED FROM WITNESS NERI

PR/USPS-T-4-3

Many Periodicals flats continue to be sorted manually, particularly in the incoming secondary sort, despite the apparent abundance of automated equipment for sorting today's sharply reduced number of flats. Please comment on whether you believe the consolidation into a network of fewer facilities will help increase automation of the sorting of Periodicals and other flats. If you believe it will lead to increased automation and reduced manual sorting, please quantify the impact to the extent possible. In particular:

a. In non-FSS zones, approximately what is the probability that a non-carrier route Periodicals flat today will receive incoming secondary sorting on a piece sorting machine capable of reading an intelligent mail barcode (IMB)?

RESPONSE:

a. Information on this can best be obtained from the Periodicals Flat cost model (USPS-FY11-11, "PER OC flats.xls") filed in Docket No. ACR2011. Worksheet 'ACR Modifications' cell 'D75' indicates that in FY2011, 84.25% of RPW non-CR flats of all classes received a mechanized Incoming Secondary sort on flat sorting equipment. Flat sorting equipment includes the AFSM 100 and the UFSM 1000, both of which have IMB read capability.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO PUBLIC REPRESENTATIVE INTERROGATORY
REDIRECTED FROM WITNESS NERI

PR/USPS-T-4-4

Your testimony, starting at page 9, describes the various types of machines used to sort parcels in mail processing facilities, e.g. the APPS, the APBS, the SPBS and the LIPS machines.

g. For flats bundles to non-FSS zones, approximately what is the probability today that they will be sorted on bundle sorting machines capable of capturing IMB barcodes on the bundles, and what will be the corresponding probability in the reduced and modified network you describe?

RESPONSE:

g. Information relevant to today's probability that a flats bundle in a non-FSS zone will be sorted on bundle sorting equipment able to read the IMB can be obtained from the Periodicals Flat cost model (USPS-FY11-11, "PER OC flats.xls", worksheet 'Coverage Factors') filed in Docket No. ACR2011. However, this is for FY 2011. As witness Neri's responses to the other parts of this question indicate, some of the bundle sorting equipment in use during FY 2011 and today is unable to read the IMB, but the percentage of this equipment unable to read the IMB is declining. I am informed that, under the proposed network, an increase is expected in the probability that flats bundles in a non-FSS zone will be sorted on bundle sorting equipment able to read the IMB. However, the extent of the increase is not yet known.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

16. In Docket No. N2010-1, the Commission noted the importance of peak load costs in analyzing network changes. Docket No. N2010-1, Advisory Opinion on Elimination of Saturday Delivery, March 24, 2011 at 114-128. The Commission also released a contractor study of peak load modeling, which contains an outline of the data necessary to model peak-load costs. Report on Peak Load Cost Modeling, October 7, 2011 at 40. The report notes that much of the data needed to model peak load costs can be obtained from data currently available to the Postal Service. *Id.* at 4. On page 4 of his testimony in Docket No. N2012-1, witness Smith (USPS-T-9) states that since 1987 "the peak load problem has gotten worse."

    a. Please provide any analysis developed to estimate the peak load costs of the Postal Service for 2010 compared to 1987.

    b. Please provide:

        i. MODS volumes and workhours by plant, by operation, by hour, for FY 2010;
        ii. MODS volumes and workhours by plant, by operation, by hour, for FY 2009; and
        iii. any other information the Postal Service considers important for modeling mail processing peak-load costs.

RESPONSE

a. My statement that the peak load problem had gotten worse since 1987, was not based on any estimates of peak load costs for 1987 verses 2010. Instead it was based on my qualitative consideration of the factors that that drive the peak load problem/costs – and my finding that these factors had worsened between 1987 and 2010. In addition, the point of my statements was not to make a comparison of 1987 verses 2010, *per se*, but rather to give some insight and understanding regarding cost savings estimates put forth collectively by our filing and summarized in witness Bradley's testimony, USPS-T-10 at page 41, Table 16.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

RESPONSE to Question 16 (continued)

As I state in USPS-T-9 at page 3, the peak load problem or framework can help us understand how changes in service standards affect costs. This is of course also a major point of the PRC's sponsored "Report on Peak Load Costing Modeling" as well. In this vein, I seek to build on or harken back to the Postal Rate Commission's extensive consideration the peak load issues in Docket Nos. R84-1 and R87-1. The PRC's R87-1 decision[1] had a detailed consideration of workload fluctuations and capacity inflexibilities, drawing on testimonies of Dr. John Panzar in R84-1 (rebuttal on behalf of the American Newspaper Publishers Association) and Dr. Paul Kleindorder in R87-1 (USPS-T-4, USPS-RT-5), both of whom are important contributors to the economics literature in general and on peak load pricing. The PRC found both sufficient capacity inflexibilities and workload fluctuations so as to suggest there could be periods of excess capacity.[2]

My comparison of 1987 with the present hinges on the observation that there are greater production capacity inflexibilities and more uneven workloads, particularly in letter processing. As discussed in my testimony, automation of processing, while providing great benefits, has meant that production capacity has become more inflexible as equipment and facilities costs have become a larger share of total processing costs. The

[1] Docket No. R87-1, PRC Opinion and Decision, pages 126-204.
[2] Docket No. R87-1, PRC Opinion and Decision, pages 157, 161-4, and 191.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

RESPONSE to Question 16 (continued)

work load fluctuations, especially related to letter sorting, have grown in magnitude since peak processing has grown, while the off-peak processing has diminished. As I discuss in USPS-T-9, the peak has grown since delivery point sequencing (DPS) requires the sorting all of the letter mail in a narrow time frame. Unlike past processing in 1987, when Standard Mail (then Third-Class Mail) could be used to level the workload to offset the peak associated with First-Class Mail, this is no longer true in the case of DPS. Another important reason that workload has become more uneven is that bulk-entered mail constitutes a higher proportion of the mail mix. In addition, bulk-entered mail has become more heavily workshared (presorted, prebarcoded, dropshipped, etc.) over time. As a result, there is far less need for origin processing and handling and also far less need for non-DPS destination sorting as well. As a result, the peak load problem has grown, leading to low levels of utilization in plant, equipment and, to some degree, labor, as well.

My main point in all of this is that worsening peak load problem highlights an important source of savings associated with changing First-Class Mail service standards. The proposed service standard changes enable longer operation windows, especially for DPS, as discussed by in this docket by

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

RESPONSE to Question 16 (continued)

witnesses Rosenberg, USPS-T-3, and Neri, USPS-T-4. This enables a great deal of workload leveling, meaning that the same mail volumes can be processed using less capacity –plant, equipment and labor. Thus, changing the service standards, as proposed greatly ameliorates the peak load problem, or problem of low capacity utilization, that has worsened acutely in the past couple of decades. Thus, the peak load framework allows for understanding this significant savings opportunity.

b.

i-ii. Available MODS data are by tour rather than hour. Data by tour are being extracted in the requested format for FY2009 and FY2010 and will be provided in USPS Library Reference N2012-1/48 and USPS Library Reference N2012-1/NP10 as soon as possible.

iii. Concerning processing labor costs, see witness Neri's response to question 7 of this POIR. More, generally, see the testimony and supporting documentation of witnesses Rosenberg, USPS-T-3, Neri, USPS-T-4 and Bratta, USPS-T-5, for more data relating to processing peak load issues.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

7. Please refer to page 16 of USPS-T-9. What is the likelihood that the Postal Service would need to acquire Delivery Bar Code Scanners in the foreseeable future, given that mail volume growth is likely to be flat or decreasing?

RESPONSE:

I am unable to say what the likelihood is that the Postal Service would need to acquire Delivery Barcode Sorters (DBCSs) in the foreseeable future. The motivation behind my testimony "to the extent that the current service standards are maintained, the Postal Service is going to need to acquire more equipment, such as DBCSs, than it would otherwise need under the proposed service standards" is that the Postal Service's DBCSs are generally older than ten years and that, at some point, they will need replacement or remediation. It is my understanding that Engineering is looking at this issue to determine the best approach, which could well rely more on refurbishing or remediation. No plan has yet been developed on this issue.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

21. Please refer to USPS-T-9, Table 8. Please provide a source and/or supporting calculations for the Annual Volume Reduction in Outgoing Secondary (TPH).

RESPONSE:

The calculation of the reduction in the annual volumes of outgoing secondary of nearly 4 billion for letters and 204 million for flats (shown in Table 8) is discussed in the institutional response of the Postal Service to Question 22 of Presiding Officer's Information Request No. 1, filed on February 16, 2012, at page 16 (for USPS-LR-N2012-1/23) and pages 4-8 (for USPS-LR-N2012-1/38 and USPS-LR-N2012-1/NP5). The average daily volumes shown in USPS-LR-N2012-1/38 and USPS-LR-N2012-1/NP5 are multiplied by 302 days to get the annual volumes shown in my Table 8.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

22. Please refer to USPS-T-9, Table 9. Please confirm that the additional costs associated with processing these pieces on the DBCS and AFSM 1000 are included in your cost savings estimates. If not confirmed, please explain.

RESPONSE:

Confirmed. The labor savings per piece of 0.44 cents for CSBCS and 1.11 cents per piece for UFSM 1000 are the net savings as shown in USPS-LR-N2012-1/23 (see spreadsheet LR23 Tables.xls, tabs "Section Two," "YRscrub2010 N2012-1" and "USPS-FY-10_FCM .. N2012-1"). This is also discussed in the Postal Service's institutional response to Question 22 of Presiding Officer's Information Request No. 1, filed on February 16, 2012, at pages 19-20.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

23. Please refer to USPS-T-9, Table 10, and USPS-LR-N2012-1/23. Please provide the source for the "Annual Volume Added to DPS". In addition, please explain if the volume is only First-Class Mail. If the volume contains other classes of mail, please explain why only First-Class Mail processing avoided costs estimates were used to calculate savings.

RESPONSE:

As indicated in the Postal Service's institutional response to Question 22 of Presiding Officer's Information Request No. 1, filed on February 16, 2012, at page 18, the estimates of Annual Volume Added to DPS was obtained from End of Run (EOR) volumes for August 2011 and multiplied by 12 to get an annual volume.

More specifically, for the 499 5-digit Zip Codes receiving "Manual" incoming secondary (and manual carrier casing), EOR volumes from all of the pertinent August 2011 incoming primary runs were summed to obtain a volume of 7,535,291. This is multiplied by 12 to get an annual volume of 90.4 million. For the 1583 5-digit Zip Codes receiving "Automated" incoming secondary (and manual carrier casing), EOR volumes from the all of the pertinent August 2011 incoming primary runs were summed to obtain a volume of 57,267,800. This is multiplied by 12 to get an annual volume of 687.2 million.

These volumes include all classes. As indicated in USPS-LR-N2012-1/23, the First-Class Mail avoided cost estimates were adjusted to remove premium pay associated with First-Class Mail and does not apply any premium pay factors. This is also discussed in the institutional response to Question 22 of Presiding Officer's Information Request No. 1, at pages 19-20.

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARC SMITH TO PRESIDING OFFICER'S INFORMATION REQUEST No. 1 REDIRECTED FROM WITNESS WILLIAMS

2. The Postal Service estimates that implementing MPNR will lead to annual savings of $2.1 billion. *See* USPS-T-2 at 12.

a. Of the total savings, please estimate the savings that will result from reductions in the Postal Service's labor complement.

b. Witness Rachel (USPS-T-8) provides a list of 8 mechanisms used by the Postal Service to achieve complement reductions. USPS-T-8 at 15. Please provide specific details regarding the effect of MPNR on the number of employees and associated cost savings due to the following mechanisms:

i. voluntary movement utilizing eReassign;
ii. normal attrition over the next several years;
iii. reductions in non-career employees;
iv. article 12 involuntary reassignments;
v. voluntary early retirement (VER);
vi. management reductions in force (RIFs);
vii. retirement incentive options (potentially);
viii. bargaining unit layoffs pursuant to Article 6; and
ix. any other mechanism (such as voluntary separation).

RESPONSE:

(a) Total savings associated with reduction of labor complement is $[redacted] billion. This should be compared with the gross savings of $[redacted] billion (see witness Bradley, USPS-T-10 at 41). The following table shows this calculation of the savings due to reduction of labor complement. This is also provided in the spreadsheet, Cost Savings From Complement Change POIR1, Q2a.xlsm, associated with this response.

(b) Answered by witness Rachel, USPS-T-8.

Attachment to USPS Witness Smith's Response to Question 2a of POIR 1
Total Labor Savings Due to Reduction of Complement

All Mail Processing Labor Cost Savings	Cost Change (in Thousands of Dollars)	Source
Workload Transfer and Productivity Gain	$1,046,718	USPS-T-10, page 41
Workload Reduction	$35,007	USPS-T-9, Tables 8-10
Supervisor, Plant Management, In-Plant Support	$133,182	USPS-T-10, page 41
Total of Above	$1,214,907	
Service-Wide Benefits	$135,508.21	
Total Processing Labor Cost Savings*	$1,350,415	
Delivery Savings	$32,727	USPS-T-9, Table 10**
Maintenance and Vehicle Driver Labor Savings		
PVS Driver Savings	$123,577	USPS-T-10, page 35
Mail Processing Equipment Maintenance Savings	[redacted]	USPS-T-9, Table 3
Building Maintenance and Custodial Savings	[redacted]	USPS-T-9, Table 5
Total of Above	[redacted]	
Service-Wide Benefits	[redacted]	
Total Maintenance and Vehicle Driver Labor Cost Savings	[redacted]	
Total Labor Savings Due to Reduction of Complement	[redacted]	

*Premium Pay Reduction Savings of $71.8 million were not included since it isn't associated with complement reduction.
**Table 10 shows $35.0 million in delivery savings. Some of these savings are non-labor. To get the labor only savings the ratio of the piggyback factor for only labor (1.175) to the total piggyback factor (1.258) or .93383 is applied to the 35 million savings.

1 CHAIRMAN GOLDWAY: Is there any other
2 written cross-examination for Witness Smith?
3 (No response.)
4 CHAIRMAN GOLDWAY: Okay. If there is none
5 then we can proceed with oral cross-examination.
6 There are three parties who have asked to
7 cross-examine Witness Smith: American Postal Workers
8 Union, AFL-CIO, Mr. Anderson; Greeting Card
9 Association, Mr. Stover; and National Postal Mail
10 Handlers Union, Ms. Keller. Is there any other
11 participant who wishes to cross-examine Witness Smith
12 here today?
13 (No response.)
14 CHAIRMAN GOLDWAY: APWU counsel, please
15 begin.
16 MR. ANDERSON: Thank you, Madam Chairman.
17 This is Darryl Anderson for the American Postal
18 Workers Union.
19 CROSS-EXAMINATION
20 BY MR. ANDERSON:
21 Q Good morning, Mr. Smith.
22 A Good morning.
23 MR. ANDERSON: Good morning, Mr. Foucheaux.
24 I'd like to welcome you. Nice to see you again.
25 MR. FOUCHEAUX: Thank you. You don't see it

1 every day, do you?

2 MR. ANDERSON: No, I don't.

3 BY MR. ANDERSON:

4 Q I only have a few questions for you, Mr.

5 Smith. One, with regard to service-wide costs, you're

6 aware, aren't you, that the service-wide costs of

7 course reflect a combination of employees who have

8 retirement benefits and those who don't. Is that

9 correct?

10 A Yes.

11 Q And as the employee complement mix changes

12 to be comprised by a larger percentage of employees

13 without retirement benefits then the system-wide cost

14 will be declining. Isn't that correct?

15 A Yes, if the mix of employees changes toward

16 less employees having service-wide benefits. Service-

17 wide benefits include such things as workers'

18 compensation costs as well, so it's not retiree

19 benefits.

20 Q I didn't mean to suggest that was the only

21 one. That's the biggest one though, isn't it?

22 A The biggest element is the retiree health

23 benefits, but there are important parts that are

24 related to workers' comp and also unemployment

25 insurance.

1 Q Right. But in any event, insofar as that's
2 a significant factor that would tend to depress the
3 level of system-wide costs?
4 A Yes, in the future.
5 Q Right.
6 A Assuming the mix changes.
7 Q I recognize that as with other Postal
8 witnesses, you've dealt with 2010 numbers and kept
9 them constant in your testimony?
10 A That's right.
11 Q With regard to the Civil Service Retirement
12 System costs, I would just like to clarify. I think I
13 understand what you're doing, but you agreed I think
14 in response to interrogatory requests that even OPM
15 has acknowledged, I think as we put it, that the
16 Postal Service has overfunded the Civil Service
17 Retirement Fund. It's got a positive balance there.
18 Therefore, as I understand what you're
19 saying, the cost elements you've included for Civil
20 Service Retirement is an accrued benefit cost rather
21 than an amount that the Postal Service is actually
22 paying into that fund. Is that correct?
23 A First let me say as of the PAEA, the Act of
24 2006, the Postal Service no longer makes contributions
25 to the Civil Service Retirement Fund, so there's no

1 requirement. I'm not sure whether OPM has stated
2 we've overfunded or underfunded, but I did want to say
3 that the Postal Service no longer has to make
4 contributions.
5 Nevertheless, the employees that are under
6 Civil Service Retirement, they are still earning
7 benefits. So part of their earnings -- you know, some
8 of the benefits they get in their paycheck. Some of
9 it, whether it's FRS or health benefits or retirement
10 benefits under Civil Service, these are benefits that
11 these employees are earning.
12 Ultimately if the Postal Service owes
13 additional money on Civil Service Retirement it will
14 have to reconcile with OPM on this, so I think the
15 important thing is that the employees under Civil
16 Service Retirement are earning these benefits. It's
17 part of their compensation, and the treatment I've
18 given these costs are consistent with the way we
19 develop attributable costs in our annual compliance
20 report.
21 Q I think I understand, but I simply wanted to
22 sharpen the focus on the fact that you're measuring an
23 economic benefit as opposed to an actual expense
24 incurred at the present time by the Postal Service.
25 A Yes. In other words, I'm using the amount

1 the Postal Service would have had to have paid in to
2 Civil Service Retirement prior to 2006 as the basis to
3 value this benefit being earned.
4 Q Thank you. Now with regard to the
5 buildings, some of which will be vacated if this
6 initiative is actually carried out. Focusing on the
7 buildings that would be sold or hypothetically be
8 sold, as I understand it there would be 73 buildings
9 that would be disposed of that way.
10 A Okay.
11 Q I'm not trying to test your memory. I think
12 if you look at APWU Interrogatory 3 I think that's
13 where we deal with that. Maybe that will refresh your
14 recollection.
15 A Okay.
16 Q And we don't have to fuss about exactly what
17 the right number is. It's some portion of those
18 buildings.
19 A I guess one caution is that I don't know
20 that the Postal Service has made a final decision
21 about any of the buildings and so I think what the
22 Facilities people were able to tell me is that they
23 anticipated that 93 of the 252 facilities could be
24 fully vacated and that 22 of those were leased, but
25 exactly what is to happen as far as sale or otherwise,

1 I'm not sure I'd be correct in saying that there's
2 been a decision.
3 Q I thought your testimony assumed that the
4 Postal Service would generate $448 million in revenue
5 by selling the buildings.
6 A That's right. I have used the estimate from
7 Facilities on what they estimate the sale proceeds
8 would be, but I don't know that the -- I'm not sure
9 that's the same as saying the Postal Service has
10 decided to sell the building. I think the idea would
11 be in my work I've taken that. I've made that
12 assumption.
13 Q I think I get it. Much like the
14 hypothetical Civil Service costs, you're calculating a
15 hypothetical value that they might have.
16 A Yes.
17 Q And you're saying well, just having them
18 sitting there makes us feel so good we feel like we're
19 $448 million richer, particularly given the nice
20 report from the real estate consultants. It's a
21 theoretical value.
22 A What I've reported in my testimony is what
23 is the facilities estimates from the revenues we would
24 obtain if we did sell those facilities.
25 Q Yes. Okay. And so that was actually going

1 to be my next question because you did then make an
2 assumption that you could generate 10 percent a year,
3 as I understand it, of revenue based upon the
4 hypothetical value of those buildings.
5 A That's right. The Postal Service, as it
6 indicates in its 10-K filing, is very cash strapped,
7 and I believe the Postal Service could put the
8 proceeds of that money to good use. A 10 percent
9 return is probably conservative.
10 Q You're probably aware, Mr. Smith, more aware
11 than I probably in fact, that the Postal Service is
12 approaching its borrowing limit of $15 billion. Is
13 that correct?
14 A I believe that's about right. You know, I'm
15 not aware of the details on that.
16 Q Do you have any idea what interest rate it's
17 paying on the money it's borrowed?
18 A The Postal Service borrows it from the
19 Treasury, and I'm pretty sure the rates are a lot
20 lower. The Postal Service is also precluded from
21 taking -- well, the Postal Service needs permission.
22 Say the Postal Service were to sell the facilities and
23 obtain $400 million. The Postal Service is limited in
24 terms of the investments it could make with that
25 money.

1 You know, presumably there would be
2 opportunity costs and investment, but apart from those
3 constraints what I've done is just take a conservative
4 approach at saying I know the Postal Service could
5 internally generate a 10 percent return given our cash
6 constraints.
7 Q When you say internally, what do you mean by
8 that?
9 A Well, if we are unable to replace the -- in
10 my testimony, the 10-K says that due to our current
11 cash constraints our operational performance could be
12 at risk as a result of inadequate capital investment
13 and transportation equipment, processing equipment,
14 facilities or information technology, which are either
15 essential to operations or improve the quality of our
16 services.
17 Cash constraints might conceivably lead to
18 additional costs that we could avoid if we were able
19 to replace some of this equipment.
20 Q We're going to report that to Congress.
21 Believe me. We agree with you that the Postal Service
22 needs cash and it's starved of capital and needs
23 investment money.
24 As a practical matter, though, on this one,
25 for much the same reason that Congress has already

1 starved it of capital, if it were to generate $400
2 million where I was really headed with this, Mr.
3 Smith, is it seems likely that it will be required to
4 pay down its debt as a starter if it has a lump of
5 money like that.
6 I don't know. That's probably not your
7 decision. It's certainly not mine. So let's assume
8 hypothetically it pays down its debt by $400 million
9 instead of investing that money. Then the value of
10 that $400 million is really measured by the interest
11 that the Postal Service is paying on that debt.
12 Wouldn't that be correct?
13 A I'm not sure I'd agree with the hypothetical
14 that the Postal Service would use the money to pay
15 down its debt.
16 Q You're the witness. You can't challenge my
17 hypothetical. You can say you can't answer it, but
18 you can't change my facts. My facts are that the
19 Postal Service would be required to pay down the debt.
20 A Well, I guess what I'm saying is your
21 hypothetical -- I'm not agreeing with the
22 reasonableness of the hypothetical. But that part
23 aside, given the hypothetical, I'd agree with your
24 conclusion. But again, the hypothetical I don't think
25 is correct.

1 CHAIRMAN GOLDWAY: May I clarify? I believe
2 I understand your testimony is that you think the
3 Postal Service will take that cash, invest it in some
4 activity within the Postal Service where its return on
5 investment for that activity will be more than 10
6 percent? Is that what you're saying?
7 THE WITNESS: Yes. Exactly. Exactly.
8 CHAIRMAN GOLDWAY: So it's within its
9 operations. It's not in its business plan, whatever
10 that is.
11 THE WITNESS: Right.
12 CHAIRMAN GOLDWAY: Let's say it invests in
13 some sort of new product on the competitive side and
14 they wind up with a return on investment that's
15 greater than 10 percent or they buy electric vehicles
16 and they save so much on fuel and maintenance that it
17 saves them money over time for the money that they had
18 been spending on the old vehicles.
19 THE WITNESS: Right.
20 CHAIRMAN GOLDWAY: Is that the kind of thing
21 you were talking about?
22 THE WITNESS: Yes. For instance, the OIG
23 has reported that we spend a lot of money on
24 maintaining our existing delivery vehicles, and
25 getting new vehicles could save us a lot of money on

1 vehicle maintenance. So that's the kind of thing
2 that --
3 CHAIRMAN GOLDWAY: So I think he's not
4 talking about hard cash that would go back.
5 MR. ANDERSON: Got it. Yes.
6 THE WITNESS: Right. Right. I'm saying
7 that just the opportunity that the money from the
8 sales could be put to good use and could probably save
9 the Postal Service conservatively about a 10 percent
10 return each year.
11 MR. ANDERSON: That's understood. Thank
12 you.
13 CHAIRMAN GOLDWAY: Thank you.
14 MR. ANDERSON: Thank you for that
15 clarification.
16 BY MR. ANDERSON:
17 Q Have you made any effort? I gather I think
18 you've already partially answered this, that you
19 haven't made an effort to actually calculate when as a
20 practical matter the Postal Service might be able to
21 liquidate buildings it vacates as a part of this
22 project?
23 A No, I have not.
24 Q And just knowing sort of what common
25 knowledge or whatever other basis you may have of

1 having a knowledge about real estate, wouldn't it be
2 fair to anticipate that it will take quite a bit of
3 time to dispose of and realize the gains from property
4 of that magnitude? I'm talking a matter of years.
5 Isn't that a fair assumption?
6 A Perhaps. My testimony was focused on
7 determining the annual ongoing savings once the
8 transition is complete, so I haven't studied the
9 aspect of how long it would take to get there.
10 Q But in your estimate you included an
11 assumption that we had the $400 plus million right
12 away and had the benefit of the use of that money
13 right away, and in fact it won't be right away. If it
14 happens it's not going to be right away. It'll be
15 realized gradually.
16 A I disagree. I didn't make any assumption
17 about it being available right away. The estimated
18 savings from my testimony are the annual ongoing or
19 full up savings that are obtained once the transition
20 is complete.
21 Q Okay.
22 A So I didn't provide any timeframe.
23 MR. ANDERSON: Okay. I understand. Thank
24 you. That's all I have. Thank you very much for your
25 testimony.

1 CHAIRMAN GOLDWAY: Thank you. The next
2 participant then is the Greeting Card Association.
3 Mr. Stover?
4 MR. STOVER: Thank you, Madam Chairman.
5 CROSS-EXAMINATION
6 BY MR. STOVER:
7 Q Good morning, Mr. Smith. I'm David Stover
8 representing the Greeting Card Association.
9 A Good morning.
10 Q Good morning. I would like to start by
11 asking you to turn in your packet of designated
12 written cross to GCA/USPS-T9-3.
13 A I've got it.
14 Q In the course of answering that
15 interrogatory and actually also the next one, No. 4,
16 you discuss investment over the years in DBCS
17 equipment and particularly upgrades like wide field
18 cameras and more bins and so forth.
19 Would it be your view that one result of
20 this investment has been to increase the throughput of
21 the DBCS equipment, let's say the average throughput,
22 as machines are replaced or upgraded over the years?
23 A I'm not able to say, sir. The DBCS fleet
24 that we have, with the exception of about 600 that
25 were replaced, is -- we haven't been generally

1 replacing our DBCSs with the exception of the 600 out
2 of the nearly 6,000.
3 We still have all the delivery barcode
4 sorters originally purchased, and I couldn't say
5 whether the investment has been used to increase
6 throughput or not. I'm sorry.
7 Q Okay. Thank you. Now let's turn back to
8 GCA-T9-11. This is an interrogatory which discussed
9 the problem of excess capacity, but I would like this
10 morning to relate it back to the first or an early
11 section in your prepared testimony where you give a
12 very interesting discussion of the peak load problem,
13 and I would like to explore a little bit how you think
14 that relates to the problem that's before the
15 Commission right now.
16 And if I may, I'd like to do that using a
17 simple hypothetical case, which we can fiddle with as
18 we go along if we need to. I'd like you to imagine a
19 coal hauling railroad which owns a certain number of
20 hopper cars, and it runs from strip mines in Wyoming
21 to a terminal in let's say St. Louis. At Year T it
22 runs every day three fully loaded trains.
23 As time goes on, perhaps because of a
24 secular change in the relative price of fuels, perhaps
25 because of environment regulation, the electric

1 utilities take to burning much less coal that formerly
2 so that in Year T1 our railroad is able to fill only
3 two trains per day every day. Would you agree with me
4 that that hypothetical does not present a peak load
5 problem?
6 A I don't think so. I think the idea with a
7 peak load problem is that you make an investment in
8 capacity.
9 I mean, if the requirements fluctuate year
10 to year that could become a peak load issue, but the
11 main idea is you make an investment in the capacity to
12 provide the service and to the degree that the demand
13 or the need fluctuates and to the degree that the
14 capacity provided is equal to the peak demand then
15 there could be underutilization in other periods. So
16 I guess that probably doesn't apply to what you're
17 describing, but I guess conceivably it could.
18 Q Okay. I'm getting the impression that you
19 find it not impossible, but a little improbable, that
20 my simple hypothetical presents a peak load problem,
21 so I'll complicate it a little bit.
22 Let's assume now that in Year T the railroad
23 runs three fully loaded trains to St. Louis every day
24 except Monday when it runs four. The same change in
25 the usage of coal by the utilities, who are the

1 customers for this coal, takes place and in Year T1
2 the railroad finds that it can fill only two trains a
3 day except on Monday when it can fill three.
4 Have I succeeded in putting a peak load
5 problem into the hypothetical now?
6 A You could very well. The idea is that if
7 your capacity, if you can't adjust to your capacity
8 day-to-day to meet those differences, if you make an
9 investment -- but plant and equipment for railroads
10 I'm sure is pretty inflexible, and whatever you need
11 to have for three trains a day, I'm sure you can't
12 rent the cars or even the track out for some other
13 purpose of the other days so there is a peak load
14 element there, yes.
15 Q So that in my modified hypothetical could we
16 agree, do you think, that there is a peak load problem
17 present, or there seems to be at least the earmarks of
18 a peak load problem, because the railroad still has
19 the difficulty that it can run more trains on Monday,
20 productively run more trains on Monday than it can any
21 other day of the week, but that the excess capacity
22 problem is not solely caused by that Monday peak, that
23 we still have the secular decline in usage from Year T
24 to Year T1, just as we did in the first simple
25 hypothetical.

1 And let's say you were called upon to
2 analyze that railroad's problem. Would you come up,
3 do you think, with something like this? Well, part of
4 it is a peak load problem, but part of it is simply
5 overcapacity unassociated with a peak load problem. I
6 know I'm putting words in your mouth, but I want to
7 see if you would feel comfortable uttering them.
8 A I think I'd agree with what you're saying,
9 but I feel as though your example is not pertinent to
10 what the Postal Service is proposing here in network
11 rationalization. The Postal Service is -- the current
12 service standards lead to a large workload peak due to
13 delivery point sequencing, and --
14 Q Mr. Smith, let me interrupt you. I
15 deliberately ironed out or tried to iron out the peak
16 in the first hypothetical, so if that is what you're
17 addressing I think we can agree that the situation is
18 not one that is presented to the Postal Service.
19 That's one reason I used the railroad as a
20 hypothetical.
21 A My concern is that the Postal Service has
22 faced long-term volume declines and the Postal Service
23 has been adapting to volume declines as the Postal
24 Service has indicated in its responses.
25 I think that's a separate question from the

1 impact of the network rationalization plan, which by
2 allowing a smoothing of workload you then need a lot
3 less equipment and plants and even labor to do the
4 same processing. So that's the focus of our savings
5 estimates, as opposed to the volume declines
6 Q Fair enough. I think that probably is where
7 I wanted to get with this hypothetical, so we will
8 abandon it and move to something else.
9 Let's turn to GCA/USPS-T9-9. We asked you
10 in that question if you could tell us the percentage
11 of all first class letter mail that is now delivery
12 point sequenced, and you said you did not know that.
13 A That's right.
14 Q If you were asked to use that figure in an
15 analysis, to whom at the Postal Service would you go
16 to get that figure? Would it be somebody in Mail
17 Processing or --
18 A Well, the reason I responded the way I did,
19 I believe Operations would have an estimate of the
20 volume of letter mail that is delivery point
21 sequenced, and our data systems that we use in our
22 costing work can tell you of the carrier delivery
23 volumes what percentage of that is delivery point
24 sequences.
25 But I don't have any -- I'm not aware of any

1 -- estimate that would tell you for first class mail
2 only the share of it that's delivery point sequenced.
3 I'm not aware of any information specifically on first
4 class mail.
5 Q Is this because first class and standard
6 mail letters tend to be run together in the delivery
7 point sequencing?
8 A Right. In other words, the information that
9 our Operations could provide would be on the total
10 letter volumes and the share of that that's delivery
11 point sequenced, as opposed to first class mail.
12 Q Mr. Smith, do you have a feel for when first
13 class letter mail started to decline in volume?
14 A I do. I know that we did answer an
15 interrogatory on that as well. My understanding, and
16 I'm not sure this is consistent. I know that single
17 piece volumes have been on the decline since the mid
18 '90s and that first class volume as a whole started to
19 declined in I believe 2007.
20 MR. STOVER: Okay. Thank you. I believe
21 that's all I have, Madam Chairman. Thank you. And
22 thank you, Mr. Smith.
23 CHAIRMAN GOLDWAY: Then the final
24 participant who wishes to cross-examine Mr. Smith is
25 the National Postal Mail Handlers Union. Ms. Keller,

1 would you identify yourself?

2 MS. KELLER: Thank you, Madam Chair.

3 Kathleen Keller for the National Postal Mail Handlers

4 union.

5 CROSS-EXAMINATION

6 BY MS. KELLER:

7 Q Good morning, Mr. Smith.

8 A Good morning. Morning.

9 Q I understand from representations made by

10 Postal counsel that you will be able to update the

11 estimates you've made of cost savings in this case

12 based upon the decisions that have been made in the

13 various potential consolidations that have been under

14 consideration. Is that your understanding as well?

15 A Yes. Again, I'd refer back to Mr. Tidwell's

16 statement this morning, but yes.

17 Q Okay. Thank you. I just want to run

18 through your estimates so that I have a good

19 understanding of what numbers are likely to change

20 versus what numbers may not change when you redo that.

21 I understand that obviously you haven't

22 redone those calculations yet, but I just want to have

23 an understanding of how much of your work is going to

24 be redone. So if you could turn to page 26 in your

25 testimony where you have Table 11, which is a summary

1 of the cost savings you've calculated?

2 A Yes.

3 Q Okay. And let's just run through it. Your

4 first item is a savings in maintenance labor.

5 A For, yes, mail processing equipment and

6 maintenance labor. That is very much dependent upon

7 Witness Bratta's work. Well, it's dependent on

8 Witness Bratta finding out about the amount of

9 equipment that will be needed, but in any event I have

10 no information on how that number is going to change.

11 Q Okay. I understand that as you haven't

12 redone the calculations yet you won't know how it's

13 going to change, but it's my understanding that in

14 connection with the AMP studies there have been

15 estimates developed of what the net change in

16 maintenance labor will be at each of these losing and

17 gaining facilities and what the net change in

18 equipment will be at each of these losing and gaining

19 facilities. And you would be able to take those

20 numbers and redo this calculation. Is that correct?

21 A Okay. I'm not familiar with the AMP

22 studies. Again, I'd need to get the information from

23 Witness Bratta on the changes in the staffing.

24 Q Okay. Fair enough. If we look down at the

25 facility related savings?

1 A Yes. Here again I don't have any
2 information on how the AMPs would affect these
3 numbers. My work is dependent on Witness Bratta, as
4 well as getting information from Facilities, so I'm
5 not able to tell you how the AMP decisions would
6 affect those.
7 Q Okay. Let's try to break it down just a
8 little. In calculating these savings, you were
9 operating on certain assumptions, correct?
10 A Yes, although I think the most accurate
11 statement would be Witness Bratta was operating under
12 certain assumptions.
13 Q Okay. And he provided those to you and you
14 used them for your calculations?
15 A He provided the estimate of the change in
16 staffing based on his analysis.
17 Q Okay.
18 A And so I think I didn't employ --
19 Q Okay.
20 A For the most part I didn't directly employ
21 -- determine any staffing or other changes.
22 Q Okay. I understand that. Thank you. For
23 instance, for rents and earnings on sale proceeds you
24 were operating on an assumption provided to you that
25 assumed that 93 facilities would be able to be closed

1 down entirely, correct?

2 A Yes.

3 Q And that for remaining facilities that were

4 consolidated you would be able to save -- I'm sorry.

5 Put that aside.

6 So if you were provided with updated

7 information that indicated that perhaps only 40

8 facilities were now slated for total closure you would

9 be able to update that number, correct?

10 A Again, I'd need the same information the

11 facilities provided me in November. I'd need to get

12 an update of that.

13 Q Okay. Let me ask you more generally.

14 Looking at any of these calculations here in Table 11,

15 are there any that you think will not change based on

16 revised information about which facilities will be

17 closing and the labor and maintenance estimates for

18 closing and gaining facilities?

19 A I think it's not likely that the workload

20 reduction savings will change, but here again I would

21 want Operations' input on that.

22 These estimates were based on the work --

23 you know, I did receive help from Mr. Neri's staff on

24 the workload reductions, and if they were to tell me

25 that AMP decisions would lead to some impact on these

1 then I would need to take that into account.

2 MS. KELLER: Okay. Thank you. Madam Chair,

3 I don't think I have anything further for Mr. Smith.

4 But given that it appears that his testimony

5 is going to be changing substantially or updated

6 substantially I do have some concerns about the

7 Intervenors' ability to conduct discovery and

8 potentially question Mr. Smith about his revised

9 estimates. It doesn't seem to me a worthwhile

10 exercise to go through a lot of questions about the

11 estimates that are contained in his current testimony

12 when we will be receiving updated estimates.

13 I don't mean to suggest that we necessarily

14 all have to come back here again for another day of

15 questioning of Mr. Smith, and I understand that the

16 Commission is considering Mr. Tidwell's statement from

17 this morning and is going to arrive at a determination

18 about what the Commission thinks should be done with

19 respect to updating the record, but I just would like

20 to put on the record that I have some concerns about

21 the Intervenors' ability to conduct discovery into the

22 updated testimony of Mr. Smith, and I presume it will

23 be the same with Mr. Bradley, and would like the

24 Commission to consider that in whatever order it

25 issues.

1 CHAIRMAN GOLDWAY: I appreciate your
2 concerns. I have excused previous witnesses with the
3 understanding that they might be recalled based on
4 altered testimony, but I am concerned about the
5 timeline involved.
6 I would appreciate it, if it's not too
7 difficult for you, if you would draft a comment or a
8 request for us to consider in terms of what the
9 procedures you recommend are and we'll review those
10 matters next Monday and hopefully clarify what we hope
11 will be the procedures for this updated information
12 and when it will be available and how it can be used
13 because I think we're all interested in getting more
14 information before we make a final decision. So I
15 appreciate those comments.
16 MR. FOUCHEAUX: Madam Chairman, I would just
17 like to request that if the comment is in the form of
18 a motion the Postal Service be given an opportunity to
19 respond to the motion in terms of a further procedure.
20 CHAIRMAN GOLDWAY: We'll be happy to share
21 that with you on Monday and probably delay our
22 decision then until Tuesday.
23 MR. FOUCHEAUX: Thank you.
24 CHAIRMAN GOLDWAY: Okay.
25 MS. KELLER: Madam Chair, this is Kathleen

1 Keller for the National Postal Mail Handlers Union.
2 Just so I'm clear, would you like that in the form of
3 a motion, or should I file it as simply a statement?
4 CHAIRMAN GOLDWAY: I think a statement would
5 be better because motions might require more time to
6 respond, and I really would like us to be able to make
7 a decision more quickly on how we're going to handle
8 this to accommodate everybody's interests.
9 But your concerns should be noted while
10 we're reviewing the Postal Service's statement of what
11 they're offering to us in terms of the data input, and
12 we'll try and make a final determination then on
13 Tuesday of next week.
14 MS. KELLER: Thank you.
15 CHAIRMAN GOLDWAY: I had earlier said
16 Monday.
17 MR. TIDWELL: Madam Chairman, Michael
18 Tidwell for the Postal Service. If the parties are
19 going to be permitted to file statements on Monday,
20 will the Postal Service be given at least an
21 opportunity until Tuesday to submit any reply to those
22 statements?
23 CHAIRMAN GOLDWAY: How long do you think it
24 will take you to write a comment, Ms. Keller? Can you
25 do it by today, close of business today? Not if

1 you're here all day, though we seem to be going
2 through these people faster than I thought.
3 Well, it is has to wait until Wednesday it
4 will wait until Wednesday. I think it's fair for --
5 MR. ANDERSON: Madam Chairman?
6 CHAIRMAN GOLDWAY: -- the Postal Service to
7 review the comments.
8 MR. ANDERSON: Excuse me. Madam Chair?
9 CHAIRMAN GOLDWAY: Yes? Mr. Anderson from
10 the Postal Workers?
11 MR. ANDERSON: I'm Darryl Anderson for the
12 APWU. Would it serve the Commission and the parties
13 to convene Monday afternoon and discuss it? That
14 would get a result on Monday afternoon.
15 CHAIRMAN GOLDWAY: I don't think that that's
16 going to work. I think we'd rather have the documents
17 in writing and be able to review them and get my
18 fellow Commissioners' input, et cetera, before we make
19 the decision.
20 So if we get comments on Monday, we have
21 your document in writing I'm assuming. You read from
22 a document. We'll look at your statement. We'll look
23 at a statement from the other participants. We'll let
24 you see their statement, and we'll have to make a
25 decision on Wednesday.

1 MR. TIDWELL: Madam Chairman, Michael
2 Tidwell for the Postal Service again. It might
3 expedite matters if parties are willing to confer with
4 us on Monday. There may be some common ground on
5 certain issues and we can narrow the scope of issues
6 that may be in dispute.
7 CHAIRMAN GOLDWAY: If you could come up with
8 some suggestions that you all agree on, that would be
9 certainly the preferable outcome. So we'll work on
10 this because it's of concern to all of us procedurally
11 in trying to get the revisions for the data and the
12 opportunity for people to review them and examine them
13 in the record as quickly as possible,
14 So with that we'll ask if there's anyone who
15 has further cross-examination for Mr. Smith from the
16 participants?
17 (No response.)
18 CHAIRMAN GOLDWAY: If not, are there some
19 questions from the bench? Vice Chairman Langley?
20 VICE CHAIRMAN LANGLEY: I'm going to try to
21 keep the microphone up close enough so everyone can
22 hear.
23 Thank you so much, Mr. Smith. We really
24 appreciate your being with us today. I do have a
25 question that Mr. Williams on Tuesday said to throw

1 your way.

2 THE WITNESS: Okay.

3 VICE CHAIRMAN LANGLEY: So let me ask this

4 to you. In response to an interrogatory by the Mail

5 Handlers there was a discussion that transition and

6 implementation costs were not included in the Postal

7 Service's estimates, and Mr. Williams further notes

8 that the Postal Service hadn't concluded its

9 estimation of these costs.

10 Since there will be transition and

11 implementation costs, can you explain why they weren't

12 included?

13 THE WITNESS: I don't know the answer. The

14 Postal Service has in some of the information we

15 provided in terms of our facility savings we did

16 include some information that you could otherwise term

17 as transitional.

18 At page 20 of my testimony we point out that

19 there's a $121 million one-time capital cost

20 associated with moving the nonmail processing

21 operations, so there are some elements. We provided

22 that part of it and I netted that out with the costs,

23 the revenues that we get from sales, but as far as

24 transition costs in general I can't say why we have

25 not developed an estimate.

1 VICE CHAIRMAN LANGLEY: Okay. I do
2 appreciate that. I know you've already discussed your
3 testimony this morning on page 20 with some of the
4 counsel.
5 Let me just ask you. In Ms. Mehra's
6 testimony she -- not her testimony, but in questioning
7 this morning she mentioned that the BMEUs were not
8 going to be closed and if one would be closed it would
9 be relocated. I don't believe that the BMEUs
10 initially were going to be retained in the initial
11 proposal, so that's a new cost there, a new continuing
12 cost.
13 How will this adjustment impact facility
14 related savings? And it may not be something you can
15 answer now because it's --
16 THE WITNESS: Right.
17 VICE CHAIRMAN LANGLEY: -- a calculation for
18 the future, but that is another consideration to keep
19 in mind that savings may not be as great as initially
20 considered. The $2.1 billion annual savings may not
21 be as great if the BMEUs are now going to be retained.
22 THE WITNESS: I think the estimates from
23 Facilities that I was provided with, I don't know how
24 they're treated, the BMEUs. The estimates basically,
25 as indicated on page 20, determine that the Postal

1 Service would vacate 93 out of 250 facilities, so for
2 those 93 exactly what was being assumed I can't say.
3 There were estimates here on the cost of
4 relocating operations, and that may well have included
5 the bulk mail acceptance.
6 VICE CHAIRMAN LANGLEY: Would you agree that
7 if a facility remains open that some costs will
8 remain?
9 THE WITNESS: Yes.
10 VICE CHAIRMAN LANGLEY: Thank you very much.
11 And I apologize. That interrogatory was actually to
12 Mr. Bradley, so I will ask him that question that I
13 initially asked of you. I do apologize to that.
14 THE WITNESS: Okay. All right.
15 VICE CHAIRMAN LANGLEY: Thank you.
16 THE WITNESS: Sure. You're welcome. Thank
17 you.
18 CHAIRMAN GOLDWAY: Mr. Taub?
19 COMMISSIONER TAUB: Good morning. Just a
20 couple questions to follow up on a few threads that
21 were discussed here.
22 One of the issues that was discussed
23 obviously is this updating based on the results of the
24 AMPs and the cost. As the Postal Service counsel
25 indicated, to keep an apples and apples comparison the

1 FY 2010 will still be used.

2 Given that we've got the fiscal year 2011

3 costs, if they were used, putting aside for a moment

4 the apples to oranges issue we might be getting into,

5 to what extent, if at all, would you expect the

6 savings estimates to be -- how much different would

7 you expect them to be?

8 THE WITNESS: In terms of the savings

9 covered in my testimony, I'm not sure that they'd

10 greatly affect that in the sense that Witness Bratta

11 has pretty much used the staffing from September of

12 2011 as his base and then determined the staffing

13 under the proposed network.

14 In addition, I'm not sure Facilities --

15 again, I relied on work from Facilities that they have

16 done regarding the AMPs. Well, not the AMPs, but

17 regarding the proposed network. And that was from

18 November. So as far as the savings I have, those may

19 not change a great deal, but I -- yes.

20 COMMISSIONER TAUB: Do you have a sense of

21 how the service-wide benefits might have changed or

22 could be impacted between the two fiscal years?

23 THE WITNESS: Let's see. I believe most

24 likely the share, the relative amount of service-wide

25 benefits to the other salary and benefits is probably

1 roughly the same so I would expect in the case for
2 2010 it was about an 11 percent increase above salary
3 and benefits.
4 That is, service-wide benefits added another
5 11 percent to the cost of labor, and I would expect a
6 similar thing for 2011. I haven't done the
7 calculation, but I would think it would be pretty
8 similar.
9 COMMISSIONER TAUB: Okay. I appreciate
10 that. Then one other thread that I wanted to pick up
11 from some of the discussion this morning was on this
12 idea of the peak load costs.
13 You're certainly what I would consider an
14 expert in this area. You're a quarter of a century of
15 service to the Postal Service and the nation, and
16 thank you for that service.
17 THE WITNESS: Thank you.
18 COMMISSIONER TAUB: The idea of the current
19 cost of peak load and looking at the savings
20 opportunities that might be there if one were to
21 remove some of the operational hurdles. Do you think
22 the Postal Service could achieve the mail processing
23 operational savings described in this docket without
24 changing service standards?
25 THE WITNESS: Okay. I guess in my work I

1 certainly can talk to the conceptual aspect of the
2 peak load problem, and from that perspective I view
3 that there's a significant savings opportunity
4 associated with changing service standards. I'd
5 probably be the wrong person to say what the savings
6 would be without changing service standards.
7 In my view, the proposed service standards
8 from what Operations has testified to and my
9 understanding is that it allows a significant leveling
10 of the workload across the day and that that allows a
11 significant savings due to less need for plant and
12 equipment and labor as well.
13 Again, I'm talking from a conceptual
14 framework, given the peak load problem, that to the
15 extent we can even out the workload we can increase
16 utilization of our resources and get savings that way,
17 but I think I'd be reluctant to make a statement about
18 what we could or couldn't say without service standard
19 changes. I'd probably be the wrong person to do that.
20 CHAIRMAN GOLDWAY: But you think that it's
21 possible with other operational changes that address
22 the peak load problem or perhaps even work share
23 discounts that address the peak load problem that you
24 might be able to save a significant amount of money
25 separate from this proposal? Maybe not as much,

1 but --

2 THE WITNESS: Well, I suppose if there was

3 some other way of leveling the workload that would

4 give savings in the same way. I'm not sure what those

5 are.

6 One of the things that's happened in the

7 last 25 years, and I kind of referred back to the R-87

8 case, is that first class volume and first class

9 single piece volume has declined as a share of the

10 letter volume. My understanding of what drives our

11 workload peak is meeting this overnight standard for

12 first class and first class single piece a lot as

13 well.

14 I think the need to wait for mail from

15 neighboring facilities to arrive at 1 or 2 a.m. and

16 then to be available for DPS, to then be able to DPS,

17 to do the second pass for all the mail, essentially

18 you're waiting mail from neighboring facilities, much

19 of which -- well, much of which could be single piece,

20 but I'm not sure what that mixture is.

21 The main idea, though, is that given that

22 the last pass on DPS has to include all the mail and

23 the overnight standard keeps us waiting until about

24 1 or 2 a.m. to get all the mail, there's a large

25 workload peak that occurs between 2 to 6 a.m. Any way

1 we could deal with that workload peak I'm sure would
2 help the savings.
3 CHAIRMAN GOLDWAY: Yes. And if there were
4 other ways you might be able to save money as well,
5 for instance.
6 THE WITNESS: Conceivably, yes. I mean,
7 conceptually the --
8 CHAIRMAN GOLDWAY: Yes.
9 THE WITNESS: -- problem is that the
10 workload peak leads to the underutilization of
11 resources, and if we can smooth out the workload, any
12 way we could do that it would be --
13 COMMISSIONER TAUB: Just to wrap up my line
14 of questioning, and I'll pass it along.
15 Just to make sure I understand what you're
16 saying then, is it that this question of whether we
17 could achieve the mail processing operational savings
18 described in this docket without changing the service
19 standards, your sense and given your experience is you
20 don't have enough information to answer that or is it
21 that certainly there could be savings achieved through
22 other ways, but it wouldn't reach or exceed the
23 magnitude of the savings in this docket without
24 changing the service standards?
25 THE WITNESS: I would think that it would be

1 hard to get the savings without the service standard
2 changes as proposed, but I think the main thing I can
3 offer is I was just referring to the statements of
4 Witness Williams and others on they've pursued the
5 opportunities they can to consolidate and that the
6 opportunities remaining are limited without changing
7 the service standards.
8 I'd defer to them to address the specific
9 question as opposed to I haven't studied the question
10 of what we could save. I'm not sure the Postal
11 Service would even ask me to study that, so I guess
12 what I'm saying is I'm the wrong person to ask this
13 question.
14 COMMISSIONER TAUB: Fair enough. Thank you,
15 Madam Chair.
16 CHAIRMAN GOLDWAY: I do want to point out,
17 though, that do you agree that the Postal Service has
18 increased its flexibility with regard to workload
19 management over the last few years?
20 THE WITNESS: I couldn't really say. I'm
21 not able to --
22 CHAIRMAN GOLDWAY: Are you familiar with the
23 specifics of the APWU contract?
24 THE WITNESS: Just generally, but not --
25 CHAIRMAN GOLDWAY: Are you familiar with the

1 adjustments that have been made in route assignments
2 for the letter carriers?
3 THE WITNESS: Somewhat. Not --
4 CHAIRMAN GOLDWAY: If there were more
5 flexibility in the workforce would that be able to
6 address peak load problems?
7 THE WITNESS: Well, the peak load problem,
8 part of the problem is the flexibilities say related
9 to clerk and mail handlers. Basically the mail
10 arrives. The mail arrives. It doesn't all arrive at
11 the beginning of the tour, and essentially you've got
12 a problem in matching your staffing to the workload
13 that relates to I guess, and again I may be --
14 The extent that we would have a labor force
15 that would go unpaid when it wasn't needed, and again
16 that's not fair. I'm just saying, I mean, to the
17 extent somebody when they weren't needed go off the
18 clock and not be paid that's the kind of flexibility.
19 Again, maybe that's not the best example.
20 What I'd also want to point out, though, is
21 plants and equipment is inflexible. I mean, apart
22 from our labor relations, plant and equipment is
23 inflexible, and to run a delivery barcode sorter for
24 five or six hours a day requires a certain amount of
25 maintenance for it, requires a certain amount of

1 facility space for it and all that.

2 So there's an element of capacity that's

3 very inflexible, and there are some -- the clerk and

4 mail handler labor part of it, the degree of

5 inflexibility is one that's less clear. It's not as

6 concrete, but I'm not the one to really say how that's

7 changed over time. I'm not able to characterize that.

8 CHAIRMAN GOLDWAY: I know Commissioner

9 Langley has a question for you. I have another one,

10 but I'll let her pursue hers.

11 VICE CHAIRMAN LANGLEY: Thank you, Madam

12 Chairman. I believe Chairman Goldway brings up a very

13 important point that there have been substantial

14 savings made by the Postal Service over the past few

15 years, and I was wondering if you happen to know how

16 many billions of dollars have been saved through

17 attrition, through early outs, through the realignment

18 of the letter carrier routes.

19 I don't expect a complete breakdown, but the

20 Postal Service indicates it has saved billions upon

21 billions of dollars, and the Postal Service has

22 continuing flexibility to pursue some of those

23 options.

24 THE WITNESS: Right. Yes. No, I agree.

25 They have saved a lot.

1 VICE CHAIRMAN LANGLEY: Do you have the
2 amount by chance?
3 THE WITNESS: I don't. I don't. I'd say
4 that in general the question of what we can save
5 without doing this effort would best be -- I'm not
6 really the best person to answer the question of what
7 we can save without --
8 VICE CHAIRMAN LANGLEY: Who would be the
9 best person?
10 THE WITNESS: I'm not entirely sure whether
11 it's Mr. Masse or one of the Operations witnesses.
12 I think maybe the point here that I should
13 make is the Postal Service is not saying we aren't
14 saying additional -- that we aren't making savings
15 through restructuring carrier routes or other changes.
16 I think what our testimony relates to is the
17 additional savings that we can obtain through the
18 network rationalization proposal.
19 I think it's correct to say that we are
20 seeking and will obtain savings through other ways and
21 continuing the way as we have in recent years.
22 VICE CHAIRMAN LANGLEY: Well, I appreciate
23 that, and I understand what you're discussing is
24 conceptual, but there are many with concerns over the
25 proposed consolidations and the change in service

1 standards and so ensuring that all options have been
2 reviewed I think is an important consideration, and
3 how the projected savings are arrived is another
4 consideration that we need to take into account. So I
5 appreciate your responses. Thank you.
6 CHAIRMAN GOLDWAY: Would you have expected
7 that the Postal Service would have asked you to do a
8 study on the cost of peak load and put a dollar amount
9 on it? You say you haven't done it, but wouldn't you
10 think they would have asked you to do that?
11 THE WITNESS: I haven't and, no, I wouldn't
12 have, and the reason I think stems to a lot of what
13 Witness Rosenberg was talking about yesterday. I
14 mean, the Postal Service has just -- the extent of
15 complexity in the Postal Service and really any
16 operating entity is not easily modeled.
17 And so, for instance, we tried in the '90s.
18 I worked with Drs. Crew and Kleindorfer to further our
19 work from our '87 case. We tried to build on the
20 conceptual framework. I think we wrote a paper in '97
21 that was published in the annual postal conference.
22 In general, even at that time it was always a barrier
23 to try to make the models realistic and reflect
24 reality.
25 And so again, I wasn't trying to do the

1 complexity of this, what's being done today. I was
2 just doing a much more basic thing, and I found that
3 the work was very hard to --
4 CHAIRMAN GOLDWAY: So are you aware that the
5 Postal Service has made a proposal to the Senate that
6 in exchange for maintaining overnight delivery they
7 would need -- whatever it is -- a billion dollars,
8 some amount of money that they want to get by raising
9 first class postage?
10 There's a certain dollar amount that they
11 are proposing that they would not save as a result of
12 keeping first class mail standards, so they've made
13 some sort of fiscal financial estimate of the
14 difference between eliminating overnight and
15 maintaining overnight, but addressing some of the peak
16 load problems. Were you involved in any of those
17 calculations?
18 THE WITNESS: I have not, no.
19 CHAIRMAN GOLDWAY: Who do you think would
20 have been involved in those calculations?
21 THE WITNESS: I don't know. I'd imagine --
22 I haven't been involved. I would guess our Operations
23 people have probably been involved, but I'm not sure.
24 CHAIRMAN GOLDWAY: Okay. And then finally,
25 I just want to clarify. In your estimate of savings

1 using fiscal year 2010 figures did you assume fiscal
2 year 2010 salary levels or did you increase them for
3 2012 based on the cost of inflation or anything like
4 that? Did you just use standard everything 2010?
5 THE WITNESS: Yes. Yes. We just used the
6 salaries and benefits from 2010. We essentially have
7 used the 2010 ACR as our framework.
8 CHAIRMAN GOLDWAY: So there was no
9 assumption of other ongoing savings that would occur
10 over 2011, 2012 before this was implemented or
11 increases in salaries that would occur between --
12 THE WITNESS: That's right. We've done our
13 work based on 2010.
14 CHAIRMAN GOLDWAY: Is that valuable, or
15 should we have rolled it forward in some way?
16 THE WITNESS: Well, my experience in the
17 past is that -- what I can say is to the extent our
18 staffing would be lower in processing facilities in
19 future years due to mail volume decline, that would
20 tend to lower the savings. However, you have the
21 increases in the salaries and benefits so the two
22 somewhat balance each other.
23 I guess this work is difficult enough
24 without trying to figure out how it affects the
25 future. I mean, the problem is just figuring out the

1 implications for a past year where you have all this
2 data is in some ways a -- you know, it's a more
3 workable --
4 CHAIRMAN GOLDWAY: I guess the challenge for
5 us is in looking at your report to determine what we
6 can identify as the real savings that are part of this
7 particular proposal rather than some of the other
8 savings initiatives that are going on for other cost
9 factors that are driving costs up.
10 So I'm asking these questions, and you're
11 saying that the material given us is what you were
12 able to do, but has some flaws in it as well, that
13 it's a snapshot of 2010.
14 THE WITNESS: Right. We found the same was
15 true in the six to five day delivery case, that it
16 made the most sense to work with a historical year, as
17 opposed to trying to figure out how many routes there
18 would be in a future year and then how eliminating
19 Saturday delivery would affect things. I guess what
20 I'm saying is this approach, we did take a similar
21 approach in the six to five day delivery case.
22 CHAIRMAN GOLDWAY: Now, I have one more
23 technical question for you that I imagine you'll need
24 to report back to us on. Table 2 of your testimony
25 calculates the miscellaneous postal supplies and

1 services factor.

2 THE WITNESS: Okay.

3 CHAIRMAN GOLDWAY: We have it from USPS-T9,

4 Attachment 3, Table 2.

5 THE WITNESS: Okay. Yes.

6 CHAIRMAN GOLDWAY: In addition, this table

7 relies on data in Attachment 3. Can you please

8 provide sources and the calculations used to develop

9 the figures in Attachment 3?

10 Our staff cannot understand what is in the

11 categories Miscellaneous Postal Supplies and Services

12 of approximately $91 million and the Total Current

13 Network Labor Costs Comp 527 of $11 billion. We can't

14 verify these, and we'd like some better explanation of

15 the sources of those calculations and what goes into

16 those figures. Can you provide that answer in writing

17 for us on that?

18 THE WITNESS: Okay. I will say that the

19 data that underlies the Attachment 3 was provided as

20 part of the response to POIR 1, Question 22.

21 CHAIRMAN GOLDWAY: Apparently our staff is

22 having a hard time putting it together, and if you can

23 do it for them quickly it would solve a lot of

24 problems in terms of analyzing this particular data.

25 If you can point to --

1 THE WITNESS: Okay.

2 CHAIRMAN GOLDWAY: -- the data you used and

3 explain what --

4 THE WITNESS: Okay.

5 CHAIRMAN GOLDWAY: -- the basis of these

6 numbers are it would help them.

7 THE WITNESS: I'll do that.

8 CHAIRMAN GOLDWAY: Okay. Thank you. Any

9 other questions from the bench?

10 (No response.)

11 MR. ANDERSON: Excuse me. Madam Chairman?

12 CHAIRMAN GOLDWAY: Yes?

13 MR. ANDERSON: Darryl Anderson for the APWU.

14 I think I can help, and I'd like to try to make

15 another contribution to the record if I could with Mr.

16 Smith on the stand as an opportunity --

17 CHAIRMAN GOLDWAY: Certainly.

18 MR. ANDERSON: -- on the peak workload

19 issue. May I?

20 CHAIRMAN GOLDWAY: Yes, by all means. Go

21 ahead.

22 MR. ANDERSON: Thank you, Madam Chairman.

23 CROSS-EXAMINATION RESUMED

24 BY MR. ANDERSON:

25 Q Mr. Smith, it's my understanding that a

1 fairly large percentage of mail processing costs are
2 labor. Is that correct?
3 A That's right. The delivery barcode sorter
4 operations essentially are probably I guess our most
5 automated operation, and clerk and mail handler costs
6 would account for about 50 percent of that cost, but
7 there's a lot of other labor costs such as maintenance
8 labor as well, but in terms of the clerk and mail
9 handler share of say the delivery barcode sorter
10 operations essentially the 50 percent would be --
11 Q And that's the most highly automated part of
12 the mail processing, is it not?
13 A I think it's pretty much about certainly --
14 I think it's a pretty -- yes, I think it is very much
15 more so than the average.
16 Q So the overall main processing costs, and
17 some of those are associated with those same
18 facilities. All I'm driving at is overall labor is
19 going to be more than 50 percent of the mail
20 processing costs. Isn't that right? It's going to be
21 a higher percentage than the other operations.
22 A That's right.
23 Q And it's 50 percent in those, so it's over
24 50 percent?
25 A That's right.

1 Q And so I wanted to then emphasize that with
2 regard to the peak workload there's no reason why you
3 should be aware of this, but the APWU did a lot, did
4 all that we felt we could, in our 2010 negotiations to
5 deal with flexibility of the workforce in a couple of
6 different ways. I'd just like to get you to confirm
7 that in fact that it would be one way of dealing with
8 the peak workload problem.
9 One thing we did, we established
10 nontraditional full-time assignments. Traditionally,
11 it will come as no surprise to you, assignments were
12 eight hours a day. We were guaranteed eight hours a
13 day, and we got overtime pay after eight hours in a
14 day.
15 Now we have people permitted to bid on what
16 we call nontraditional full-time assignments that are
17 30 hours in a week instead of 40, or it could be 48
18 hours in a week, but they don't get daily overtime if
19 they work the 48. They get Fair Labor Standards Act
20 overtime after 40, but they don't get daily overtime,
21 so it reduces the cost of that.
22 But with the 30 hour schedule and the 40
23 hour schedule and the 48 hour schedule, that permits
24 managers to have a different scheduling matrix that
25 helps account for peaks and valleys in the workload,

1 if you understand what I'm saying.

2 A Yes.

3 Q And would you agree that's a way of dealing

4 with that?

5 A I do.

6 Q In addition, we went from approximately

7 5 percent of the workforce that could be flexible

8 without a fixed schedule and without retirement

9 benefits. Now we can have 20 percent of mail

10 processing employees can be what we call postal

11 support employees, PSEs, who have no fixed schedule.

12 And while I sincerely appreciate what you've

13 said about the fairness of scheduling, nevertheless if

14 you have a PSE employee who is able to work four hours

15 -- perhaps they're a student, perhaps they have

16 another job and they can work the four hours during

17 the peak. Wouldn't you agree that that sort of

18 scheduling and that sort of employee would very much

19 deal with the peak workload problem?

20 A Yes, I do.

21 Q And let me just add, sir, that for your

22 information while it's 25 percent of mail processing

23 employees, there's also a percentage of clerks in

24 other operations that are potentially available, but

25 if they're not used in those operations they can be

1 used in mail processing and so hypothetically in some
2 circumstances you could have well in excess of 20
3 percent of the mail processing employees be employees
4 with no fixed schedule. And I know you agree with me
5 that it would go a long way.
6 A I'm not an expert on the scheduling and the
7 way the staffing is done and so, I mean, I'm saying
8 that conceptually the additional flexibility does
9 help. Certainly conceptually I'm agreeing, but again
10 I'm not an expert on this, on how the staffing would
11 be done.
12 MR. ANDERSON: I agree with you, sir. I
13 understand. I was confident you would agree with me,
14 but I certainly respect your expertise on the peak
15 workload issue, and it was very important to me and to
16 the APWU to get your agreement with that concept in
17 this record, and I thank you for that.
18 Thank you, Madam Chairman.
19 CHAIRMAN GOLDWAY: You're welcome.
20 COMMISSIONER ACTON: Madam Chairman?
21 CHAIRMAN GOLDWAY: Yes, Mr. Acton?
22 COMMISSIONER ACTON: One last question. In
23 your earlier work on the assessment of the cost
24 savings that are affiliated with the possibility of
25 making changes in this peak load question, did you

1 find that the overnight delivery standard as it
2 presently exists was an important constraint?
3 THE WITNESS: Mr. Acton, I'm not sure I
4 understand. Are you asking about my work prior to --
5 COMMISSIONER ACTON: We're talking about you
6 referenced earlier that you had done some work in
7 connection with the Crew-Kleindorfer forums and that
8 sort of thing, and I believe that you have a record
9 here of providing some information in previous cases
10 about peak load questions.
11 THE WITNESS: Yes.
12 COMMISSIONER ACTON: So my question is since
13 this is a proposal for a change in delivery standards
14 and we're pressing you for information about the value
15 of peak load study change, peak load changes, I'm
16 trying to appreciate whether or not the overnight
17 delivery requirement is an important factor or
18 constraint in the possibility of maximizing those
19 potential savings.
20 THE WITNESS: Well, in the work I've done in
21 the past I don't believe we specifically addressed
22 that. I personally wish I would have, but I don't
23 believe the question of what we could save with say
24 eliminating overnight delivery is not something I've
25 actually ever conceptually studied.

1 Again, the type of work that I do, it would
2 be more in the nature of perhaps -- in retrospect, my
3 view is that that's the kind of thing that would have
4 helped in our literature and I wish I had done it, so
5 I actually don't have any information on that.
6 COMMISSIONER ACTON: I want to provide your
7 testimony, but it sound like the answer may be that we
8 don't know or you don't know because you didn't run
9 the test that way.
10 THE WITNESS: Okay. The peak load work that
11 I've done has always been a conceptual, as opposed to
12 trying to get estimates.
13 COMMISSIONER ACTON: Okay.
14 THE WITNESS: And so the work we've done,
15 again it's very theoretical and conceptual as opposed
16 to --
17 COMMISSIONER ACTON: Right.
18 THE WITNESS: The main idea was just to say
19 that some of the -- well, it was a conceptual --
20 COMMISSIONER ACTON: I'm sorry, Mr. Smith.
21 I'm probably not being clear. I'm just trying to
22 understand that in constructing your concept did you
23 include a factor for delivery standard?
24 THE WITNESS: For instance, the Kleindorfer
25 testimony of R-87 is sort of an example of the kind of

1 work we did, and that was more of the simplified
2 framework where you're assuming certain mail classes
3 cause workload peaks in a certain timeframe and others
4 don't. I mean, that's as detailed as --
5 COMMISSIONER ACTON: Okay.
6 THE WITNESS: You know, like I say, I wish
7 we had done more along these lines, but the work
8 nevertheless -- the work I've done has been more at a
9 conceptual level, as opposed to trying to attach --
10 COMMISSIONER ACTON: That's fine. That's
11 responsive. I'm just trying to understand here
12 because you see we're trying to explore other options
13 for the sort of cost savings we all want to foster,
14 aside from having to change service standards from
15 what they are to what you're proposing, so your answer
16 sheds some light in that respect. Thank you.
17 THE WITNESS: Thank you.
18 CHAIRMAN GOLDWAY: Thank you. Well, I
19 believe that completes the questioning on behalf of
20 the participants on the bench.
21 Counsel, would you like time with your
22 witness?
23 MR. FOUCHEAUX: Madam Chairman, I'm
24 anticipating little or no redirect, but if you were to
25 take a break we could probably let you know when we

1 come back.

2 CHAIRMAN GOLDWAY: Okay. Here's my

3 question. It's 11:46. One option is to simply finish

4 with this witness and then take a lunch break and

5 bring the other two witnesses after lunch. Another

6 option would be to try and muddle through for another

7 45 minutes or so.

8 MR. FOUCHEAUX: I would be in favor of

9 muddling.

10 CHAIRMAN GOLDWAY: You'd be in favor of

11 muddling?

12 MR. FOUCHEAUX: Yes.

13 CHAIRMAN GOLDWAY: Okay. Then let's come

14 back in five minutes then. Is that enough time for

15 you with your witness?

16 MR. FOUCHEAUX: Plenty.

17 CHAIRMAN GOLDWAY: Okay. Thank you.

18 (Whereupon, a short recess was taken.)

19 CHAIRMAN GOLDWAY: Welcome back. Counsel

20 for the Postal Service, do you have any redirect?

21 MR. FOUCHEAUX: No redirect, Madam Chairman.

22 CHAIRMAN GOLDWAY: Thank you. Well, Mr.

23 Smith, that concludes your testimony here today.

24 We're glad that you participated. It was an

25 interesting discussion.

1 You have a homework assignment, and we
2 expect that we will be discussing important policy
3 issues with you again at some time in the future, but
4 for today we've concluded our request for cross-
5 examination. Thank you very much. You're excused.
6 (Witness excused.)
7 CHAIRMAN GOLDWAY: Mr. Foucheaux, next
8 witness?
9 MR. FOUCHEAUX: Thank you, Madam Chairman.
10 I would like to call Dr. Bradley to the stand.
11 CHAIRMAN GOLDWAY: Hello, Dr. Bradley.
12 Whereupon,
13 MICHAEL D. BRADLEY
14 having been duly sworn, was called as a
15 witness and was examined and testified as follows:
16 CHAIRMAN GOLDWAY: Welcome. Please sit
17 down.
18 (The document referred to was
19 marked for identification as
20 Exhibit No. USPS-T-10.)
21 DIRECT EXAMINATION
22 BY MR. FOUCHEAUX:
23 Q Dr. Bradley, you have before you two copies
24 of a document titled Direct Testimony of Michael D.
25 Bradley on Behalf of the United States Postal Service

1 designated USPS-T-10. Is this your testimony?
2 A It is.
3 Q If you were to provide this today orally,
4 would the contents be the same?
5 A They would.
6 MR. FOUCHEAUX: We would like to note just
7 for record that Dr. Bradley's testimony was revised in
8 minor ways earlier this week on March 21 and that
9 those revisions should be on file with the Commission.
10 I would also note that Dr. Bradley's
11 testimony is associated with certain library
12 references. USPS-LR-N2012-1/20 is the first, /21 is
13 the second, /22 is the third and NP-6 is the fourth.
14 BY MR. FOUCHEAUX:
15 Q Dr. Bradley, are you familiar with these
16 library references, and are you sponsoring them today?
17 A Yes and yes.
18 MR. FOUCHEAUX: Madam Chairman, I would like
19 to offer Dr. Bradley's testimony and the library
20 references into evidence at this time.
21 CHAIRMAN GOLDWAY: Are there any objections?
22 (No response.)
23 CHAIRMAN GOLDWAY: Hearing none, I will
24 direct counsel to provide the reporter with two copies
25 of the corrected testimony of Dr. Bradley, and that

1 testimony is received into evidence. However,
2 consistent with Commission practice it will not be
3 transcribed.
4 (The document referred to,
5 previously identified as
6 Exhibit No. USPS-T-10, was
7 received in evidence.)
8 (The documents referred to
9 were marked for
10 identification as Library
11 Reference Nos.
12 USPS-LR-N2012-1/20 through 22
13 and NP-6 and were received in
14 evidence.)
15 CHAIRMAN GOLDWAY: Counsel, can you identify
16 the written cross-examination?
17 Dr. Bradley, have you had an opportunity to
18 examine the packet of designated written cross-
19 examination that was made available to you today?
20 THE WITNESS: Yes, I have.
21 CHAIRMAN GOLDWAY: Do you have any
22 corrections or additions that you would like to make?
23 THE WITNESS: I do not.
24 CHAIRMAN GOLDWAY: If the questions
25 contained in that packet were posed to you orally

1 today, would your answers be the same as those you
2 previously provided in writing?
3 THE WITNESS: They would be.
4 CHAIRMAN GOLDWAY: Then if everything is in
5 order, counsel, please would you provide two copies of
6 the corrected designated written cross-examination of
7 Witness Bradley to the reporter?
8 That material is received into evidence and
9 it is to be transcribed into the record.
10 (The document referred to was
11 marked for identification as
12 Exhibit No. USPS-T-10 and was
13 received in evidence.)
14 //
15 //
16 //
17 //
18 //
19 //
20 //
21 //
22 //
23 //
24 //
25 //

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network Rationalization
Service Changes, 2012

Docket No. N2012-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS MICHAEL D. BRADLEY
(USPS-T-10)

Party	Interrogatories
American Postal Workers Union, AFL-CIO	APWU/USPS-T10-1-2, 4, 6, 9, 11 APWU/USPS-T6-8, 11 redirected to T10 GCA/USPS-T10-1-2, 5, 10-12 NPMHU/USPS-T10-1-3, 7, 10, 19 PR/USPS-T10-2, 10 PR/USPS-T4-2 redirected to T10 PR/USPS-T6-9 redirected to T10 PRC/USPS-T10-POIR No.2 - Q9
Greeting Card Association	GCA/USPS-T10-1-2, 7, 9-10
National Association of Letter Carriers	NALC/USPS-T10-1-2
National Postal Mail Handlers Union	APWU/USPS-T10-8 PR/USPS-T10-4 PR/USPS-T4-2 redirected to T10 PRC/USPS-T10-POIR No.2 - Q9
Postal Regulatory Commission	APWU/USPS-T10-8, 10 NPMHU/USPS-T10-6, 17 PR/USPS-T10-6 PRC/USPS-T10-POIR No.2 - Q8 PRC/USPS-T10-POIR No.2 - Q9

Party	Interrogatories
Public Representative	APWU/USPS-T10-2, 6, 8-11 NPMHU/USPS-T10-4, 8, 15 PR/USPS-T10-1-3, 6, 8, 10-11

Respectfully submitted,

Shoshana M. Grove
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS MICHAEL D. BRADLEY (T-10)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory	Designating Parties
APWU/USPS-T10-1	APWU
APWU/USPS-T10-2	APWU, PR
APWU/USPS-T10-4	APWU
APWU/USPS-T10-6	APWU, PR
APWU/USPS-T10-8	NPMHU, PR, PRC
APWU/USPS-T10-9	APWU, PR
APWU/USPS-T10-10	PR, PRC
APWU/USPS-T10-11	APWU, PR
APWU/USPS-T6-8 redirected to T10	APWU
APWU/USPS-T6-11 redirected to T10	APWU
GCA/USPS-T10-1	APWU, GCA
GCA/USPS-T10-2	APWU, GCA
GCA/USPS-T10-5	APWU
GCA/USPS-T10-7	GCA
GCA/USPS-T10-9	GCA
GCA/USPS-T10-10	APWU, GCA
GCA/USPS-T10-11	APWU
GCA/USPS-T10-12	APWU
NALC/USPS-T10-1	NALC
NALC/USPS-T10-2	NALC
NPMHU/USPS-T10-1	APWU
NPMHU/USPS-T10-2	APWU
NPMHU/USPS-T10-3	APWU
NPMHU/USPS-T10-4	PR
NPMHU/USPS-T10-6	PRC
NPMHU/USPS-T10-7	APWU
NPMHU/USPS-T10-8	PR
NPMHU/USPS-T10-10	APWU
NPMHU/USPS-T10-15	PR
NPMHU/USPS-T10-17	PRC
NPMHU/USPS-T10-19	APWU

Interrogatory	Designating Parties
PR/USPS-T10-1	PR
PR/USPS-T10-2	APWU, PR
PR/USPS-T10-3	PR
PR/USPS-T10-4	NPMHU
PR/USPS-T10-6	PR, PRC
PR/USPS-T10-8	PR
PR/USPS-T10-10	APWU, PR
PR/USPS-T10-11	PR
PR/USPS-T4-2 redirected to T10	APWU, NPMHU
PR/USPS-T6-9 redirected to T10	APWU
PRC/USPS-T10-POIR No.2 - Q8	PRC
PRC/USPS-T10-POIR No.2 - Q9	APWU, NPMHU, PRC

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

APWU/USPS-T10-1

Table 16 summarizes the $2.6 billion in annual savings that the Postal Service expects to gain from this initiative.

a) Please confirm that almost 40 percent of those savings ($964 million) come from your calculation of productivity gains from mail processing labor.

b) Please confirm that the productivity savings are valued at FY2010 labor rates.

c) Please confirm that this valuation of mail processing labor savings does not incorporate the labor flexibilities that were agreed to in the APWU 2010 contract.

RESPONSE:

(a) Confirmed. I calculate the cost savings from productivity gains to be 37.5 percent of the total cost savings.

(b) Confirmed.

(c) I am not familiar with the provisions of the APWU 2010 contract and did not need to become so familiarized for my testimony. As demonstrated in the various equations in my testimony, I estimate the cost savings associated with the productivity gains and other operational changes described by witness Neri. Because I use the Postal Regulatory Commission's FY 2010 Annual Compliance Determination for the baseline for calculating costs, I use the FY 2010 valuation of labor. As I indicated on page 5 of my testimony:

> The baseline for calculating cost changes is the Postal Regulatory Commission's Mail Processing Cost Pools for MODS offices excluding Network Distribution Centers (NDCs) and International Service Centers (ISCs) for FY 2010.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

Moreover, please keep in mind that, as both the Postal Service and the Postal Regulatory Commission did in Docket No. N2010-1, I am estimating the cost savings associated with the realigned network being up and running:[1]

> They are the "full up" costs savings in the sense they are derived from comparing the cost of handling FY 2010 volume in the existing mail processing and transportation networks with the cost of handling the same volume in the reconfigured mail processing and transportation networks. As such, they do not include any transition or implementation costs.

[1] *See* Direct Testimony Michael D. Bradley on Behalf of the United States Postal Service (USPS-T-10), Docket No. N2012-1 (Dec. 5, 2011), at 39.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

APWU/USPS-T10-2

Mr. Neri describes the productivity opportunities as "gained through balancing of the processing profile" and elimination of redundant processes as the number of facilities is reduced. Would you agree that

a) Your estimates of productivity gains are dependent on the removal of all mail processing operations from all of the locations scheduled for review?

b) Your estimates of productivity gains are dependent on the lengthening of processing windows at all the remaining facilities in order to balance the processing profile?

RESPONSE:

(a) I do not estimate any productivity gains. I estimate the cost savings associated with the productivity gains and other operational changes described by witness Neri. One of the operational changes Witness Neri describes is a reduction in the number of mail processing facilities, resulting in the transfer of those facilities' workload to other facilities.[2] I calculate the cost savings associated with this operational change in Section II A (starting at page 5) of my testimony.

(b) I do not estimate any productivity gains. I estimate the cost savings associated with the productivity gains and other operational changes described by witness Neri. My understanding is that witness Neri's testimony explains that lengthening the processing windows at the facilities remaining active will lead to productivity increases in mail processing operations at those facilities. To the extent his estimates of productivity gains in those facilities depend upon a longer processing window, my estimates of cost savings also do.

---

[2] *See* Direct Testimony Frank Neri on Behalf of the United States Postal Service (USPS-T-4), Docket No. N2012-1 (Dec. 5, 2011), at 19.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

APWU/USPS-T10-4

In calculating net labor savings, do you incorporate frictional costs that result from displaced labor being redeployed to jobs that are below their current skill and training levels?

RESPONSE:

Frictional costs, also known as transactions costs, refer to the costs associated with accomplishing a transaction. For example, the frictional costs of acquiring a financial asset include things like the broker's commissions and the investor's research time. Because I am estimating the full up cost savings associated with the realigned network, I do not estimate any such transition or implementation costs.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

APWU/USPS-T10-6

You have used the accrued cost of HCR transportation in your calculation of HCR costs. Do these accrued costs include:

a) all fuel costs associated with HCR transportation and paid for by the Postal Service? If not, where are those fuel costs accounted for?

b) all Postal Service costs associated with tracking and reconciling HCR fuel costs against contracts and purchasing standards? If not, where are those costs accounted for?

c) all other Postal Service costs associated with managing HCR routes? If not, where are those costs accounted for?

d) all payments related to extra trips or other exceptional services performed by the HCR contractors? If not, where are those costs accounted for?

e) all payments related to changes the contract terms related to HCR contracts? If not, where are those costs accounted for?

RESPONSE:

a. Yes.

b. No. The accrued costs include all payments made to contractors to traverse the route. The decisions regarding the specific terms of the contracts are generally by Contract Officers who are employed at the Area Level. I am informed that those costs are included in Cost Segment 18.

c. No. There is a small amount of hours in LDC 30 and LDC 31 that are associated with managing HCRs. Managers covered by LDC30 and LDC 31 need to be aware of HCR activities and schedules so that they can be adjusted if a situation arises (e.g. vehicle breakdown).

d. Yes.

e. Yes

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

APWU/USPS-T10-8

In estimating the additional HCR costs shown on Table 14, have you used the average accrued costs for all Intra-P&DC routes or just for ones that are in the geographic areas listed in USPS-LR-N2012-1/22?

RESPONSE:

I used the accrued costs for all P&DC routes.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

APWU/USPS-T10-9

There is a wide variation in the cost per mile of the routes listed in USPS-LR-N2012-1/22.

a) Please explain the factors that result in this variation in cost.

b) From your experience, what impact, if any, does the urbanization or population density of the area in which the route is performed have on the cost?

c) Since historically the PVS routes were assigned to the more densely populated areas and the HCR routes to the less densely populated areas, is there a still a significant difference in the average number of miles each type of route covers?

RESPONSE:

a. I am informed that there are numerous components that explain the cost per mile for a given PVS location. They include average wage, traffic, vehicle size, and average route distance. Generally, however, the distance of the route is the main driver of cost per mile, as the shorter the average route distance the higher the cost per mile.

b. My understanding is that urbanization or population density has a relatively minimal impact due to the fact that many plants, stations, and branches have been at their current locations for a long period of time. This means that the distance between destinations has also remained stable even through urbanization. However, densely populated areas generally do have slightly higher cost per mile due to traffic, which results in additional fuel costs and work hours, but these are not considered nearly as significant as average route length.

c. My understanding is that the PVS routes are generally shorter than short-haul HCR routes, but I am unable to say if it is a significant difference.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

APWU/USPS-T10-10

Are all the activities performed under LDC 30, LDC 31 and LDC 34 related directly to PVS routes? If not, please list the activities performed in these LDCs and identify which are not directly related to PVS routes.

RESPONSE:

Yes, they are directly related to PVS routes. All LDC 34 hours are exclusively related to PVS operations. It is possible that a portion of the hours in LDC30 and LDC31 are related to higher level transportation managers whose duties include ensuring the efficient transportation of mail. As a result, this subset of the LDC hours may include a small amount of involvement dealing with HCR. However, the main responsibility for employees in LDC 30 and 31 is PVS.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO APWU INTERROGATORY

APWU/USPS-T10-11

In assessing the hours and wage costs in your analysis,

a) did you take into account any changes in the 2010 APWU contract that impacted the average hourly wage cost for PVS service?

b) what percentage of temporary PVS employees with no associated legacy costs did you assume would be employed if the work were to be performed by the PVS?

c) did you take into account any changes that the Postal Service has undertaken to reduce the number of PVS and HCR routes because of USPS OIG audit findings?

RESPONSE:

a. The baseline for my analysis is the actual hours and costs from FY2010. To the extent the changes you mention in the question impacted those hours and costs, they would be included in the analysis.

b. I made no assumption either way. My analysis is based upon witness Martin's determination that the PVS sites will close when their associated P&DC is closed and that this transportation responsibility will be transferred to Highway Contract Routes.[1]

c. The baseline for my analysis is the actual hours and costs from FY2010. To the extent the changes you mention in the question impacted those hours and costs, they would be included in the analysis.

---

[1] See, "Direct Testimony Cheryl D. Martin on Behalf of the United States Postal Service" (USPS-T-6), Docket No. N2012-1 (Dec. 5, 2011), at Section II B.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO APWU INTERROGATORY REDIRECTED FROM WITNESS MARTIN

APWU/USPS-T6-8

On pages 14-15 of your testimony you indicate that there is an expected cost increase in air transportation costs due to the need to fly more First Class Mail in the network to maintain at least a 3 day service standard for First Class Mail.

a) Does this increase in air transport cost include anticipated costs for other categories of mail and specifically parcel sub-categories in each class of mail?

b) If so, how much extra cost is attributed to the parcel sub-categories?

c) Does the expected increase in air transport cost include anticipated new costs for Priority mail and Express mail?

d) If so, how much extra cost is attributed to Priority and Express?

e) In the various mail sub-categories for parcels and for Priority and Express Mail, how much volume, before the plant reconfiguration, and then how much additional volume after the plant reconfiguration, as a percentage of total volume in each of the same sub-categories and/or classes, is planned to use air transportation?

RESPONSE:

a. No. The increase in cost is limited to First-Class Mail.

b. Not applicable.

c. No. The increase in cost is limited to First-Class Mail.

d. Not applicable.

e. The only product for which there is an anticipation of additional air transportation cost is for First-Class Mail. The anticipated additional volume (in pounds) for that product is provided in Library Reference USPS-LR-N2012-1/21 (Public Version). That information is reproduced here for your convenience:

SINGLE PIECE LETTERS	26.28%	32,645,840
SINGLE PIECE CARDS	0.27%	340,543
PRESORT LETTERS	31.04%	38,559,006
PRESORT CARDS	1.97%	2,444,187
SINGLE PIECE FLATS	25.98%	32,267,929
PRESORT FLATS	7.51%	9,327,463
SINGLE PIECE PARCELS	6.82%	8,471,534
PRESORT PARCELS	0.13%	163,267
Total	1.000	124,219,769

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO APWU INTERROGATORY REDIRECTED FROM WITNESS MARTIN

APWU/USPS-T6-11

Please identify the costs per lb or costs per lb-mile that the Postal Service pays to FedEx for transporting mail via FedEx Day air transportation, and via FedEx Night air transportation.

a) If neither pricing rate suggested above (cost per lb; cost per lb-mile) is used, please provide detailed descriptions of the formulas used for costing transportation by FedEx.

RESPONSE:

The cost per point for FedEx Day air transportation is provided in the nonpublic Library Reference USPS-LR-N2012-1/NP6. It is contained in the spreadsheet entitled "Air Transportation Cost.Change.Nonpublic.xls" in cell D52. Fed Ex Night is not part of the analysis.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T10-1

You state in your testimony at page 2, lines 9-10, that you assume constant volumes in order to calculate your cost savings.

(a) Please confirm that this approach would be most viable in a steady state condition as regards volume. If you do not confirm, please explain why.

(b) Please confirm that your estimates using this approach would understate "full up" savings in a growing volume environment. If you do not confirm, please explain why.

(c) Please confirm that by the time a full up new network as proposed is configured, volumes will be lower than those reflected in your steady state assumption. If you do not confirm, please explain why.

(d) Using the Postal Service's latest forecasts for First-Class Letter Mail (FCLM) volume 3 years and 5 years out, by how much would your estimated cost savings change, ceteris paribus?

(e) Suppose USPS volume forecasts for FCLM referred to in (d) are each 25% too optimistic. By how much would that change your answer in (d) 3 years out and 5 years out, compared to the steady state volume estimates in your testimony?

RESPONSE:

a. Not confirmed. This approach is viable in any volume environment and, in fact, would be most important to apply in an environment in which volume is changing. To see this, one need only note that in a steady state condition, volume is not changing. Therefore, an assumption that volume is not changing is unnecessary.

b. Not confirmed. The approach I follow would neither understate nor overstate the cost savings arising from the proposed change in service standards. In contrast, not controlling for volume changes could lead to an understatement or overstatement of the true cost savings associated with the service standard change. The reason the approach I follow does not lead to an understatement in a growing volume environment is that it isolates just the cost changes coming

from the service standard change and does not confound those estimates with cost changes caused by changes in volume.

c. Not confirmed. Answering this question requires forming a forecast of volume in a future year, which I have not done. Please also note that what you term a "steady state" assumption does not amount to assuming that volume does not change through time. Rather, it controls for a change in volume when calculating the cost change caused by a change in service standards. Incidentally, the approach I take is more appropriately labeled an exercise in "comparative statics" rather than a "steady state" analysis.

d. Please see my response to NPMHU/USPS-T10-1.

e. Please see my response to NPMHU/USPS-T10-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T10-2

(a) Did your labor cost savings estimates for mail processing take into account the possibility that labor displaced by the changes contemplated in this case would be reassigned, possibly in unproductive or less productive capacities? If so, how, and if not, why not?

(b) Please confirm that in the history of letter mail automation, reviews by the GAO reported (i) reassignment of displaced mail processing labor in substantially the same fashion referred to in (a), and (ii) related diminution in savings from the automation effort. If you do not confirm, please explain why.

(c) Did your labor cost savings estimates for mail processing take into account current agreements and memoranda of understanding with labor unions that might impact your full up savings? If so, how, and if not, why not?

RESPONSE:

a. My testimony estimates the "full up" costs savings associated with the proposed change in service standards by measuring the cost implications of the operational changes generated by the new service standards. As such, it does not deal with the mechanisms by which the Postal Service would actually implement any of the operational changes. It is my understanding, moreover, that in planning these operational changes, the Postal Service did not plan to assign labor to unproductive activities.

b. I can neither confirm nor deny the statement as I am not a sufficient student of the history of mail automation to answer the question. I would also note that I did not have to be one in order to complete my testimony.

c. As explained in my response to part (a), above, my testimony does not deal with the mechanisms by which the Postal Service would actually implement any of the proposed operational changes. It is my understanding, however, that the

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

testimony of witness Rachel, USPS-T-8, discusses how the Postal Service intends to reduce and realign its complement of employees under the Network Rationalization initiative.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T10-5

On page 3, lines 6-7, you note that the ACD process "is focused on product costing, not operational costing .....". Since the network changes proposed in this case appear to be almost exclusively related to FCLM, a single product, why can't the ACD capture all the operational changes you would need for your calculations? Please explain your answer fully.

RESPONSE:

The answer to your question can be derived by examining the context from which you selected the very short quotation in the question. As I explained in my testimony:[1]

> These principles are followed by the Postal Service in calculating the cost changes caused by the proposed change in service standards. In some instances, the application is straightforward because the change in activities falls within the types of costing changes routinely contemplated by the ACD process. In these cases, the established ACD costing relationships can be directly applied. However, the ACD process is focused on product costing, not operational costing, so there are some instances in which an anticipated operational change falls outside the costing relationships employed in the ACD. In these instances the ACD structure and principles can be applied, but they must be refined and adapted to appropriately analyze the activity changes. Nevertheless, in all instances, the Postal Service has been guided by the Postal Regulatory Commission's established costing principles and assumptions when analyzing cost changes.

This complete quotation makes clear that the approach I have taken is consistent with the ACD model but notes that the ACD structure did not contemplate all of the types of operational changes proposed in this case. For example, because it is calculated every year, the ACD model does not have an explicit computational structure to implement productivity changes in mail processing operations. Rather, any such productivity changes are embodied in the data collected in a given year. Because this case

[1] See, "Direct Testimony Michael D. Bradley on Behalf of the United States Postal Service," Docket No. N2012-1, USPS-T-10, at 3.

includes estimated productivity changes as a result of operational restructuring, an explicit mathematical basis had to be added to the ACD structure to calculate the cost change implications of the estimated productivity changes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T10-7

On page 10, Table 1, you calculate cost savings from the workload transfer contemplated under the new network. For each of the following, please provide a full explanation.

(a) Is most of the savings in the row labeled BCS/DBCS from DBCS? What part of the total savings of $3,542,000 is from DBCS?

(b) Is the savings mainly or exclusively from higher capacity utilization of BCS/DBCS?

(c) Is most or all of the savings estimated for manual letters, $2,258,000, due to diverting such mail processing directly to active automation P&DCs?

(d) What accounts for the $402,000 savings for Presort and the $165,000 savings for metered letters?

RESPONSE:

a. As explained on pages 7 through 9 of my testimony, my analysis makes use of Postal Rate Commission defined mail processing cost pools and is not performed at the level of individual pieces of equipment. I thus have no basis to identify what portion of the cost savings comes from DBCS. However, I have been informed that that almost all, if not all, MPBCS have been removed in the last few years.

b. No. The cost savings come from a reduction in total institutional costs for the cost pool.

c. No. The cost savings come from a reduction in total institutional costs for the cost pool.

d. Please note that the cost savings referred to are for the PRC defined cost pools entitled "Presort" and "Mail Preparation - Metered" and are not for individual products. The cost savings estimated for these cost pools come from the fact that

the PRC has determined that certain costs in these individual cost pools are "institutional costs" and thus not related to the amount of workload handled in the cost pools. Because the institutional costs are associated with the establishment of an operation, not the workload in the operation, a reduction in the total number of operations will reduce the total institutional cost for the associated cost pool. The transfer of workload to a smaller number of sites thus reduces the amount of institutional cost that is incurred by the Postal Service.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T10-9

The DBCS 7 equipment first deployed in 2008 and scheduled for widespread deployment in 2011 reportedly has a throughput 30% greater than the DBCS 6 machines predominantly in use as of FY 2010. Please assume the truth of these propositions, and on that basis explain in as much detail as possible, how it would affect the cost savings and productivity estimates in your testimony.

RESPONSE:

It would have no effect. My cost savings are based upon a FY2010 baseline so changes taking place in FY2011 will have no impact on them. For a discussion of the issues associated with attempting to calculate cost savings for a FY2011 baseline, please see my response to NPMHU/USPS-T10-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T10-10

One advantage propounded by other Postal Service experts in this case is that the new network will facilitate having manual letters bypass current operations for manual letters, flats and parcels, and instead move directly into automation operations. In light of this, please explain fully why in Table 2 on page 13 you have a productivity gain for manual letters of only 3%.

RESPONSE:

As I explain on pages 12 through 16 of my testimony, I calculate the cost savings associated with the productivity gains estimated by witness Neri, USPS-T-4. Because witness Neri estimates a 3 percent productivity gain for manual letters, I employ that percentage in calculating the estimated productivity-related cost savings for manual letters.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T10-11

In Table 2 you list a 22% gain in productivity for OCRs. However, witness Rosenberg's table found on the first page of the attachment to her testimony does not list OCRs at all under the heading EQUIPMENT.

(a) Why do you include such equipment?

(b) How would your cost savings estimates change if OCRs were not included? In responding, please refer to your discussion (USPS-T10, pages 15-16) of the formula for calculating the cost reduction implied by a given productivity increase, and show how your answers relate to it.

RESPONSE:

a. Please note that my mail processing labor cost savings are estimated for PRC defined cost pools, not for individual pieces of equipment. I include the OCR cost pool because it is part of the FY 2010 baseline costs.

b. If the OCR cost pool is not included in the realigned network, then I would expect the entire current cost of the OCR cost pool to be included in the estimated cost savings. In terms of the formulas used to calculate cost savings, if an operation's workload (WL) is reduced to zero, then there is no longer a need for that operation. As a result, all of its institutional and attributable cost could be saved.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T10-12

In Table 6 you list "Supervisor Labor Cost Change" of about $66.4 million, yet you note following the table that "[w]hile a facility's supervisor costs are directly proportional to the amount of direct hours being supervised, the hours for a plant manager are not." You go on to state that when a plant is closed and the work moved to another facility, there is one less plant manager, hence the savings.

(a) Please confirm that when a plant is closed, supervisors at that plant are, or may be, let go, as with the manager. If you do not confirm, please explain why.

(b) You state at page 18, lines 12-14, that the Postal Service generally keeps a "constant ratio between mail processing supervisory hours and the amount of direct labor being supervised." Does "amount of direct labor" as used here refer to labor hours, number of employees, or some other metric? Please explain fully.

(c) You state at lines 11-12 of the same page that transfer of mail processing hours to a new ("active") facility "will create a need for additional supervision[.]" Is this "additional supervision" measured in supervisory work hours, number of supervisory employees, or some other metric? Please explain fully.

(d) Is your $66.4 million savings figure net of the added supervisory labor in the new network plant implied by your 6.35 percent supervisory ratio, as a result of the added workload?

(e) You state at lines 14-16 of the same page that the constant ratio referred to in (b) reflects an assumption "used by the PRC (and thus the Postal Service) in the ACD process." Please state and explain your understanding as to whether the assumption used in the ACD process was developed, and is suitable, for analyses of the effects of major changes in the size of the mail processing network.

RESPONSE:

a. Not confirmed. My analysis does not determine whether or not the supervisors in the plant are let go. For example, it is possible that supervisors are transferred to another plant.

b. It refers to labor hours.

c. It is measured in supervisory hours.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO GREETING CARD ASSOCIATION INTERROGATORY

d. Yes

e. I did not participate in its development, but I would expect that it was developed in response to evaluation of the way in which Postal Service determines the number of supervisory hours that it needs. See Summary Description of USPS Development of Costs by Segments and Components, FY 2010, page 2-2, (filed on July 1, 2011). I think it is suitable for analyzing the change in supervisory hours for a change in the size of the mail processing network contemplated in this case.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NALC INTERROGATORY

NALC/USPS-T10-1

On page 11, line 16 of your testimony, you set forth an equation that refers to "Work Load." Please explain how you defined and measured "Work Load" for purposes of this equation?

RESPONSE:

This equation is defining productivity in mail processing operations. The term "Work Load" refers to the work accomplished in an operation. For example, in a sorting operation, the work load would refer to the number of pieces sorted.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NALC INTERROGATORY

NALC/USPS-T10-2

The percentages on Tables 2 and 3 of your testimony (pages 13-14) do not match the percentages on Table 4 (page 17). For example, Table 2 lists the percentage of BCS/DBCS as 22% but Table 4 lists it as 18%. Please explain the basis for this difference.

RESPONSE:

The reason that the percentages do not match is that they are measuring different things. The percentages in Table 2 and 3 are measuring the percentage increase in productivity expected in the various operations. In contrast, the percentages provided in Table 4 are measuring the percentage cost saving induced by the productivity increase. To see that these are different, consider a doubling of productivity, which is a 100 percent increase. If the productivity in an operation is doubled, then it takes half as much time to accomplish the same work. Thus, the percentage cost saving is 50 percent. More formally, for a given percentage productivity increase, ρ, the associated percentage cost saving is given by the following formula: $\rho / (1+ \rho)$.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-1

On page 2 of your testimony, you state that in your "costing exercise", "the volume of mail being sorted and transported is held constant." Please explain the effect on your calculations: (a) if the volume of mail decreases by 10 billion pieces in 2012, as predicted by witness Masse, see USPS-T-2 at 1; and (b) the volume of mail decreases by an additional 2.9 billion pieces, as predicted by witness Whiteman (USPS-T-12) as a result of loss of market share due to decreased service standards.

RESPONSE:

To understand the implications on costs of the proposed change in service standards and the resulting network realignment, it is important to control for all other possible variations in cost. Otherwise, one runs the risk of contaminating the calculated cost change with changes in cost that occur for other reasons. Consequently, the costing exercise focuses on just the operational changes for a given level of volume. As such, it is not an exercise in forecasting what the actual costs will be in 2012 under the realigned network. This issue was explained by witness Colvin in the five-day delivery case:[1]

> My testimony seeks to compare the FY2009 operating environment under six-day delivery to what the FY2009 operating environment would have been under 5-day delivery, given the changes in operations, and resulting savings in hours, that would, in general, have been made under the 5-day approach. To do so accurately requires holding constant all other possible changes in that operating environment. In this way, the specific impact of the decision to reduce delivery to 5 days, without the confounding influence of other factors, can be traced

Thus, on one level, the forecasts of witness Masse for FY2012 have no bearing on my calculations, as those calculations are not contemplating a change in cost for that year.

[1] See, "Response of Postal Service Witness Colvin to APWU Interrogatories, APWU/USPS-T7-1-3," Docket No. N2010-1, at 2.

However, one could interpret this question as asking how my calculations would be affected by a shift to a projected FY2012 basis as opposed to a FY2010 basis. Witness Colvin was asked a similar question in the five-day case, and his answer is instructive:[2]

> To determine the cost savings in FY 2011 or FY2012 one would need to construct baseline costs for FY2011 or FY2012, review the operational responses to five-day delivery in the FY2011 or FY2012 operating environment, and calculate the cost impacts of those operational changes. It would be important to account for all changes in the operating environment including forecasts of future volumes, operational procedures, and wages. Some of these factors leading to cost savings might not only be different in the future, but might influence the outcome in offsetting ways. It may be supposed that some future change in operations would reduce the amount of savings available. However, such changes could be offset by changes in wages, which would increase the savings.

The volume decline predicted by witness Whiteman is a different matter, because it is assumed to flow from the same change in service standards that instigated the estimated cost changes. It could be thus considered in the context of analyzing the costs implications of the proposed change in service standards and the resulting network realignment. The effect of accounting for the volume decline predicted by witness Whiteman would be to increase the estimated cost savings. In addition to the cost savings already calculated, the Postal Service would save cost because it is handling less volume. In this sense, my estimated cost savings understate the true cost savings. It is my understanding, however, that witness Whiteman attempts to account for this cost saving in his testimony.

---

[2] Id. at 3.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-2

Please confirm that your use of the term "inactive sites" at pages 9-10 of your testimony refers to those facilities for which an AMP study has already been approved, together with those facilities for which an AMP study was ongoing as of September 16, 2011. If not confirmed, please explain that term.

RESPONSE:

Not confirmed. My use of the term "inactive sites" refers to facilities that are not expected to be processing mail in the realigned mail processing network as defined by witness Rosenberg. Please note that her list of active and inactive sites is presented in Library Reference USPS-LR-N2012-1/34.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-3

Please confirm that you calculations of estimated savings are completely independent on any savings calculations made for specific facility consolidations through the AMP feasibility study process. If not confirmed, please explain how your calculations relate to the savings calculations made for specific facility consolidations.

RESPONSE:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-4

Please confirm that your productivity calculations do not incorporate facility-specific productivity data. If not confirmed, please explain how the facility-specific data factors into your calculations.

RESPONSE:

Please note that I do not make any productivity calculations. Instead, I make cost savings calculations based upon the productivity calculations done by witness Neri. However, I can confirm that my cost savings calculations do not incorporate facility specific productivity measures.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-6

Please confirm that your testimony does not account for increased costs in HCR transportation that may arise if contractors raise the per mile price charges to the Postal Service. If not confirmed, please identify where your estimates account for this possibility.

RESPONSE:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-7

Referring to Table 16 in your testimony, please explain the differences between, and relationship among, the savings achieved through workload transfer; that achieved through productivity gains; and that achieved through each category of workload reduction cost changes.

RESPONSE:

The savings achieved through workload transfer, productivity gains, and workload reductions all are associated with the operational changes induced by the change in service standards, as described by the operations witnesses in this case. The three types of cost changes mentioned in the question differ in their sources of the cost change. For workload transfers, the cost savings come from the fact the Postal Service will be transferring workload from a larger number of facilities to a smaller number of facilities. This means that it will be sorting the mail at a smaller number of locations across the country. In other words, within each mail processing technology, (e.g. Delivery Barcode Sorter(DBCS), Small Parcel and Bundle Sorter (SPBS), Cancelling) the Postal Service will be reducing the number of places at which and the amount of equipment on which operations are run. This leads to the cost savings from workload transfer.

In addition, the change in service standards will allow the Postal Service to run its mail processing operations longer. My understanding is that not only will this permit a reduction in the number of locations at which the operations are run, but also it will permit a better utilization of both machine and labor resources within those operations. As explained by witness Neri, a smoother workflow will allow the Postal Service will have fewer "stops and starts," less waiting for volume to process, and a better utilization

of mail processing labor[3] This better utilization implies that labor productivity will increase in certain mail processing operations and this leads the cost savings from productivity increases.

Finally, the cost changes from workload reduction are calculated by witness Smith and are incorporated into my testimony solely for the purpose of cumulating the overall change in cost. For a full discussion of their causes please see Section VII of his testimony.[4]

---

[3] See, "Direct Testimony Frank Neri on Behalf of the United States Postal Service," Docket No. N2012-1, USPS-T-4, at Section VIII.

[4] See, "Direct Testimony Marc Smith on Behalf of the United States Postal Service," Docket No. N2012-1, USPS-T-9, at 21. You may also find it useful to review "Response of Witness Smith to APWU/USPS-T9-4" in this docket which explains how witness Smith's cost saving calculations relate to my cost saving calculations.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-8

Referring to Table 16 in your testimony, are the savings achieved through workload transfer; that achieved through productivity gains; and that achieved through each category of workload reduction cost changes all achieved through the elimination of workhours by Postal employees? If not, please explain what portion of these savings are not achieved in that manner, and explain how they are achieved.

RESPONSE:

Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-10

Please explain the effect on your calculations if the ongoing AMP studies determine that one or more of the proposed consolidations are infeasible.

RESPONSE:

The outcomes of the AMP studies have no impact on my calculations as they are not dependent upon AMP studies for their basis. However, if AMP studies or any other reason caused the Postal Service to redefine the list of active and inactive sites, that redefinition could affect my estimated cost savings of $82.6 million from workload transfer, of $48.7 million from in-plant support reductions, and of $18 million from plant manger reductions. If for any reason the number of facilities expected to be inactive in the realigned network was reduced, then these estimated cost savings would also be reduced.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-15

Please provide the data to support the average per mile HCR cost of $2.05 as stated on page 36 of your testimony, including in your answer the total expenditure made by the USPS for HCR services in FY2010 and the total HCR miles driven in FY2010.

RESPONSE:

As explained in my testimony, these data are provided in Library Reference USPS-LR-N2010-1/22, Calculation of Highway Transportation Cost Changes. Also, please note that I do not use the overall HCR cost per mile but rather the Intra-P&DC cost per mile:[6]

> The average cost per mile was calculated by dividing the sum of Intra-P&DC accrued costs by the miles driven on the contracts in that account. See, Library Reference USPS-LR-N2012-1/22.

The following table presents the calculation that is done in the library reference including both the total expenditure for P&DC services and the total miles driven for that account:

Intra-P&DC HCR Cost Per Mile

Intra-P&DC Cost	$991,781,030
Intra-P&DC Miles	484,191,416
Cost Per Mile	$2.05

[6] See, "Direct Testimony of Michael D. Bradley on Behalf of the United States Postal Service," Docket No. N2012-1,USPS-T10 at 36

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-17

Please confirm that you did not test or independently calculate the estimations made by witness Martin regarding capacity reduction that would result from the MNPR, and which you used in your calculations.

RESPONSE:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BRADLEY TO NPMHU INTERROGATORY

NPMHU/USPS-T10-19

Referring to the list of consolidation decisions published by the Postal Service on February 23, 2012 at http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf, and to your response to NPMHU/USPS-T10-10, in which you stated "if AMP studies or any reason caused the Postal Service to redefine the list of active and inactive sites, that redefinition could affect my estimated cost savings . . . ":

a) Given that the Postal Service has decided that only forty of the 252 potential consolidations should be fully closed, how does that affect your calculations of cost savings?

b) Given that the Postal Service has not approved approximately forty-one out of the 252 potential consolidations, how does that affect your calculations of cost savings?

c) Please provide updated cost savings, with supporting data in the form of Library References, based upon all the consolidation decisions contained in the Postal document at http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf.

RESPONSE:

a. It would not affect my cost savings estimates as they are not based upon the results of the AMP studies. As indicated by witness Williams, in his response to APWU/USPS-T1-26, AMP studies "are not designed to capture network-wide cost changes." Moreover, the Postal Service has not informed me of any redefinition of the list of active and inactive sites.

b. It would not affect my cost savings estimates as they are not based upon the results of the AMP studies. As indicated by witness Williams, in his response to APWU/USPS-T1-26, AMP studies "are not designed to capture network-wide cost changes." Moreover, the Postal Service has not informed me of any redefinition of the list of active and inactive sites.

c. Not applicable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T-10-1

Please refer to page 6 of your testimony, which states "certain costs in individual cost pools...are institutional costs... associated with the establishment of an operation at a location not the workload in the operation...[consequently], a reduction in the total number of locations will reduce the total institutional cost for the associated cost pool. The transfer of workload to a smaller number of sites thus reduces the amount of institutional cost...."

a. Would you agree that the volume variable cost of a mail processing cost pool is the variability of that cost pool multiplied by its accrued costs? If not, please explain.

b. Would you also agree that the institutional cost of a mail processing cost pool is 1 minus the cost pool's variability, multiplied by its accrued costs? If not, please explain.

c. Would you agree that if there are two locations where the mail processing activity of a particular cost pool is performed, and all volume from one location is transferred to the other so that total volume of the cost pool is unchanged, as is its volume variability, then total institutional costs will also be unchanged? If not, please explain.

d. More generally, would you agree that only the institutional costs of the activities or cost pools at a plant that are completely unrelated to volume, such as the time the Postmaster General spends visiting, would be eliminated if the plant was eliminated? If not, please explain.

RESPONSE:

(a) Agree.

(b) Agree.

(c) Do not agree. Both the total institutional cost and the volume variability will change from such a transfer. Under the Postal Regulatory Commission methodology for determining the volume variability of mail processing labor costs, the variability of a cost pool is determined by

identification of those costs which are institutional (non-volume-variable) and those costs which are 100 percent volume variable:[1]

> The remaining activities (excluding the out-of-office Express Mail pick up/delivery) are then identified into two groups, non-volume-variable (or 0 percent volume-variable) and 100 percent volume-variable. Non-volume-variable activity codes from IOCS are: 6210, 6230, 6240, 6430, 6525. All costs for volume-variable activities are distributed to subclasses. The cost pool volume-variability factor is computed by taking the ratio of the 100 percent volume-variable costs to the sum of these costs plus the non-volume-variable costs.

This approach can be represented analytically by labeling the institutional or non-volume variable costs as α and the 100 percent volume-variable costs as βV The variability of cost with respect to volume is the ratio of the 100 percent volume-variable costs to those costs plus the non-volume-variable costs:

$$Variability = \frac{\beta V}{\alpha + \beta V}$$

It is easy to show that this is equivalent to specifying cost as a linear function of volume, in which total cost for the cost pool is the sum of the institutional and volume-variable costs:

$$Cost = \alpha + \beta V .$$

The volume variability for this function is just the elasticity of cost with respect to volume:

$$e_{C,V} = \frac{\partial C V}{\partial V C} = \frac{\beta V}{\alpha + \beta V}$$

[1] See, United States Postal Service, "Summary Description Of USPS Development Of Costs by Segments And Components, Fiscal Year 2010" at 3-6

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

Now consider the scenario posed in the interrogatory. There are two locations sorting mail, each doing the necessary non-volume-variable and volume-variable activities required to accomplish the sorting. If the first facility is called Facility "A," its mail processing labor cost for operation "j" is given by:

$$C_{Aj} = [\alpha_{Aj} + \beta_j(V_{Aj})]$$

If the second facility is called Facility "B," its mail processing labor cost is given by:

$$C_{Bj} = [\alpha_{Bj} + \beta_j(V_{Bj})]$$

The total mail processing cost is just the sum of the costs for the two facilities:

$$C_j = [\alpha_{Bj} + \beta_j(V_{Bj}) + \alpha_{Aj} + \beta_j(V_{Aj})].$$

The variability of this cost pool is given by the ratio of volume variable costs to total costs:

$$\varepsilon_j = \frac{\beta_j(V_{Aj} + V_{Bj})}{\alpha_{Bj} + \beta_j(V_{Bj}) + \alpha_{Aj} + \beta_j(V_{Aj})}$$

Now, as specified in the interrogatory, suppose that the volume from one facility (Facility B) is transferred to facility A. Facility A still must undertake its non-volume-variable activities but will increase the amount of volume-variable cost it incurs because of the additional workload. Total cost is now just Facility A's cost:

$$C_j = [\alpha_{Aj} + \beta_j(V_{Aj} + V_{Bj})].$$

Notice that total institutional cost has fallen and the new overall cost is clearly less than the previous combined cost. In addition, the volume variability for the new scenario is given by the new ratio of volume variable cost to total cost:

$$s_j = \frac{\beta_1(V_{A1} + V_{B1})}{\alpha_{A1} + \beta_1(V_{A1} + V_{B1})}$$

This is clearly larger than the previous variability.

(d) Institutional costs, by their definition, are unrelated to volume. That is why they are not distributed to products. Therefore if a plant becomes inactive, its institutional costs disappear.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T-10-2

Please refer to page 11 of your testimony, which states that "the productivity for a mail processing operation after the workload transfer has taken place...is given by the ratio of the operation's workload to its accrued hours." Please answer the following questions about the term "accrued hours."

a. Would you agree that accrued mail processing hours in this case are the accumulated labor hours of employees clocked into the mail processing operation to which you refer? If not, please explain.
b. Would it be at least as accurate to define productivity after the transfer of all volume from location A to location B, as the ratio of the mail processing operation's volume, to the time it takes to process that volume? If not, please explain.
c. Would it not be true in this case, that the volume variability of this mail processing cost pool will not change, because the volume variability for this cost pool is the average volume variability of the cost pool at all locations? If not, please explain.
a. Wouldn't it also be true in this case, where total volume is unchanged, volume variability is unchanged, and labor hours utilized are unchanged, that productivity would remain unchanged as well? If not, please explain.

RESPONSE:

a. Agree

b. To the extent your phrase "the time it takes to process that volume" is the same as the accumulated hours of the employees in that operation, then this second definition would be accurate.

c. No, it is not true. As explained in my response to PR/USPS-T10-1, the volume variability will change.

d. No. As explained in my response to PR/USPS-T10-1, the volume variability and total hours required to sort the mail will change. In fact, because fewer non-volume-variable activities will be taking place, the accrued hours will fall and the productivity will rise.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T-10-3

Please assume that productivity improvements in letter processing come largely from the reduction in excess capacity in the incoming secondary network, made possible by the near elimination of outgoing secondary operations, as discussed by Rosenberg (USPS-T-3 at 11), Neri (USPS-T-4 at 27), and Smith (USPS-T-9 at 24). Would you agree that:

a. if the throughput of a DBCS is 30,000 pieces per hour, was idle three hours during a shift, but the entire eight hours of labor was considered as part of accrued costs, the productivity of the DBCS would be 30,000 x (5/8), or 150,000/8 = 18,750 pieces per hour. If not, please explain.
b. if network realignment allows the incoming DBCS to sort volume the entire time of an eight hour shift, it would sort 8 x 30,000 = 240,000 pieces in an 8 hour shift. In this case, DBCS productivity would be 240,000/8 = 30,000 pieces per hour, and represent a 60 percent increase in productivity. If not, please explain.
c. the appropriate formula for productivity improvement when the only change is due to the elimination of excess capacity, and there is a constant labor time "clocked-in" during the two capacity situations, is

$$\rho = \frac{V_f}{V_e} - 1$$

Where V_f = Volume produced at full capacity, and
V_e = Volume produced where there is unused capacity.

RESPONSE:

The preamble to the questions seems to suggest that various Postal Service witnesses have asserted that productivity improvements have come primarily from the reduction in excess capacity in the incoming secondary operations. However, my review of the cited passages could not find any support, or even mention, of that assertion. What I did find was a variety of

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T-10-4

Please provide an electronic copy of the data and program used to make all or part of the following calculations:

a. Cost before productivity gain in Table 4.
b. Ratio of mail processing supervisory hours to mail processing hours being supervised.
c. Labor Costs in LDCs 11-18 use in Table 6.
d. LDC 80 hours at inactive sites in Table 7.
a. In plant support hours by LDC 1 – 9 in Table 8.

RESPONSE:

a. Please see Library Reference USPS-LR-N2012-1/20. As explained in that library reference, the costs before productivity gains are calculated in the workbook entitled "Mail Processing Labor Cost Savings.xls," in the tab entitled, "Calc Labor Cost Savings." Please see column "I" which is entitled, "Realigned Network Cost Before Productivity Gain."

b. Please see Library Reference USPS-LR-N2012-1/20. As explained in that library reference, the requested supervisor ratio is calculated in the workbook entitled "Mail Processing Labor Cost Savings.xls," in the tab entitled, "Calc Supervisor Cost Savings." Please see column "G" which is entitled "Ratio." The raw data used to calculate the ratio are also presented in USPS-LR-N2012-1/20 in the Excel file entitled, "FY2010 MODS Hours.xls." The program used to create the summations used in the calculations is also provided in the library reference. It is entitled "Create MODS Hours.Sas."

excess capacity to a complete lack of change in hours. Consequently, I would suggest that the appropriate formula for productivity improvement when the only change is due to the elimination of excess capacity is the one given on page 12 of my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T-10-6

Please refer to Library Reference USPS-LR-22 Hwy Savings, PVS Closings.xls, which lists the finance numbers of the locations that which will change from being a PVS site to one where former PVS mail is handled by Highway Contract Route transportation.

a. Please explain what criteria were used to discontinue a PVS site.
b. Please provide an electronic copy of the data and program(s) used to make this calculation/determination.
c. Please also provide an electronic copy of the VMAS and any other source of data, as well as the program(s), used to calculate the cost of converting PVS sites to HCR Transportation.

RESPONSE:

a. It is my understanding that a PVS site was considered to be discontinued when its associated P&DC was no longer active in the realigned network. As indicated in my testimony, this determination was made by witness Martin. Please see, "Direct Testimony of Cheryl D. Martin on Behalf fo the United States Postal Service," Docket No. N2012-1, USPS-T-6 at Section II.B.

b. My understanding is that witness Martin simply identified those PVS sites whose associated P&DC was no longer active in the realigned network. An electronic copy of the list of such sites is included in USPS-LR-22, in the workbook entitled, "PVS Closings.xls."

c. All of the data and programs I used in calculating the cost of converting PVS sites to HCR transportation are contained in USPS-LR-N2012-1/22. The calculations and VMAS data are in the workbook entitled, "PVS Cost Savings.xls." The VMAS data I used is presented in columns 'H" and "I". As explained in the library reference, the MODS data produced by the

included program entitled "Create.PVS.Hours.Sas," which I used in the calculations, are presented in columns C through E of the workbook entitled "PVS.Cost Savings.xls."

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T10-8

Please refer to USPS-LR-N2012-1/ 20, MP_Labor_Savings, Mail Processing Labor Cost Savings.xls, Sheet: "Calc Labor Cost Savings."

a. Please confirm that Realigned Network Cost After Productivity Gain (column "L"), is partly based on savings that result from applying the productivity factor to the institutional costs (in Column "I") of the sites that remain active.

b. Please explain the rationale for applying an identical productivity improvement to both volume variable and non-volume variable costs.

RESPONSE:

a. Confirmed.

b. Witness Neri estimated percentage productivity gains for all hours in the relevant operations, including both institutional and volume variable. Thus, it is appropriate to apply those productivity gains to all costs, both institutional and volume variable for those operations. As an empirical matter, I would note that of the $7.2 billion in the realigned network cost before productivity gains, less than $170 million are institutional costs.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T10-10

Please refer to USPS-LR-N2012-1/20, File: "FY2010 MODS HOURS.xls," USPS-LR-N2012-1/48, File: "modstour2010-public.csv," USPS-T-4, Direct Testimony of Frank Neri (page 29), and the table below.

OPERATION NAME	MODS NUMBER
OCR	46,961,962,963,964,965,966,967
BCS/DBCS	47,80,87,88,91,92,93,94,95,96,97,98,99,205,261,262,263,264,265,266,267,271,272,273,274,275,276,277,281,282,283,284,285,286,287,291,292,293,294,295,296,297,309,313,314,317,318,319,357,381,382,383,384,385,481, 482, 483, 484, 485, 488, 489, 491, 492, 493, 494, 495, 496, 497, 501, 502, 503, 504, 505, 506, 507, 891, 892, 893,894,895, 896,897,898,899, 908,909,919
AFSM100 (incl. LDC17 op #s 140 and #530)	140,141,142,143,144,145,146,147,194,195,331,332,333,334,335,336,337,401,402,403,404,405,406,407,461,462,463,464,465,466,467,469,530,531,532, 533,534,535,536,537,538
FSM 1000	305,306,307,308,441,442,443,444,445,446,447,448,449,450,451,811,812,813,814,815,816,817,818,819
Mechanized Parcels	101,105,107,851,938,939,940,941
SPBS - Non Priority	56,134,135,136,137,153,154,155,156,157,216,218,219,220,221,242,243,244,245,246,247,254,255,256,257,346,347,435
SPBS – Priority	138,139,152,159,191,222,223,248,249,258,259,438,439,942,943
Mechanical Sort - Sack Outside	238,239,349,428,429,432,433
Mechanical Tray Sorter / Robotics	198,199,430,431,618,619,627,628,629
Manual Flats	60,61,62,63,70,71,72,73,170,175,178,179
Manual Letters	30,31,32,33,40,41,42,43,44,90,150,160,168,169
Manual Parcels	100,102,103,130,200,203
Manual Priority	50,51,52,53,54,55,320,321,322,323,324,325,326,618
Cancellation	4,6,7,9,10,11,12,13,14,15,16,17,18,19,66,67,89,468
Dispatch	124,125,126,127,128,129
Flats Preparation (excl. LDC17 op#s 140 & #530)	35
Mail Preparation - metered	20,21,22
Opening Unit - BBM	115,116,117,185,186
Opening Unit - Preferred Mail	84,110,111,112,180,181,328,329,343,344
Opening - Manual transport	114
Platform	188,210,211,212,213,214,215,225,229,230,231,351,352,454
Pouching Operations	120,121,122,123,345
Presort	2,3
Manual Sort - Sack Outside	235,348
Air Contract DCS and Incoming/SWYB	64,118,189,208,209,350
Business Reply / Postage Due	578,585,568,587,588,589,590
Registry	578,585,590
Damaged Parcel Rewrap	109,574
Empty Equipment	549,576
Miscellaneous	83,132,545,546,560,561,562,563,564,577,580,681
Mail Processing Support	340,341,547,548,554,555,565,567,607,612,620,630,677,755,798

The left column in the table below (sic) lists the 31 operations on page 29 of Mr. Neri's testimony.

i. Please confirm the MODS Numbers corresponding to each operation in the table below (sic) fully comprise or exhaust the MODS numbers associated with finance numbers whose status was either "Y" or "N" in "FY2010 MODS HOURS.xls, and which correspond to Mr. Neri's operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

ii. If you do not confirm, please modify the table above so that each operation is properly paired with the MODS Numbers that comprise the operations listed in the left-hand column of the table above for finance numbers whose status was either "Y" or "N" in "FY2010 MODS HOURS.xls."

RESPONSE:

i. Not confirmed.

ii. Please see the table below for a list of modifications. These modifications align the assignment of MODS numbers to operation groups (cost pools) with Docket No. ACR2010, USPS-FY10-7, Table I-2B. Please also note that the sites with "Y" or "N" status also report work hours (appearing in USPS-LR-N2012-1/20, file "FY2010 MODS HOURS.xls," and USPS-LR-N2012-1/48, file "modstour2010-public.csv") for certain non-mail processing MODS operation numbers that do not correspond to any of the operation groups in the table from Mr. Neri's testimony.

Adjustments to PR/USPS-T-10-10 Table

Operation Name	MODS Numbers to Add	MODS Numbers to Remove
BCS/DBCS	918	
FSM 1000		449
SPBS – Priority	158	152, 191
Manual Flats	74	61, 71, 72
Manual Letters		31, 41, 42
Manual Priority		323, 618
Business Reply / Postage Due	573, 930	578, 568, 585, 587, 588, 589, 590
Registry	586, 587, 588, 589	

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T10-11

Please refer to the most recent MODS manual, Section "MODS Operation Numbers," and Responses of the United States Postal Service to Questions 1-22, 24-26 of Chairman's Information Request No. 4, ChIR.4.Q.15.c.MODS.xlsx.

a. Please confirm that the following MODS Operation Numbers presented in "FY2010 MODS HOURS.xls," for finance numbers whose status was either "Y" or "N" do not have TPH, FHP, or N-TPH as volumes: 80, 188, 189, 328, 329, 340, 341, 352, 454, 531, 545, 546, 547, 548, 549, 554, 555, 560, 564, 565, 567, 573, 574, 575, 577, 578, 607, 612, 620, 630, 677, 681, 755.

b. If you do not confirm, please identify the type of volume for each of the MODS Numbers in question 3, whether it is a type of volume other than TPH, FHP, N-TPH or TPF, and if so, please explain the meaning and use of these volume data.

c. If you do confirm, please explain the reason no volumes were associated with the MODS Numbers for these operations.

RESPONSE:

a. Partly confirmed.

b. MODS operation 080 ("CIOSS ALL FOR SAME COA") has FHP, TPH, and TPF hours for one site with status "Y" in FY2010.

c. The MODS data requirement is to record work hours only for the operations listed in part (a) of the interrogatory, other than the exception listed in the response to part (b).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY
REDIRECTED FROM WITNESS NERI

PR/USPS-T-4-2

Please refer to page 29 of your testimony, specifically Figure 12: Productivity, which shows the percentage productivity improvement you estimate for 26 mail processing operations. You indicate at pages 27-30 that these figures are based on savings from several components. Please provide a library reference (or citation to existing library reference with specific file, worksheet, and cells identified) with all data and calculations that:

a. shows the derivation of the cost of each operation for the current network, and

b. shows the derivation of the annual cost of each operation in the realigned network.

RESPONSE:

a. The costs of each operation in the current network, as of FY2010, are presented in Library Reference USPS-LR-N2012-1/20. They are presented in the workbook entitled "Mail Processing Labor Cost Savings.xls," in the tab entitled, "Calc Labor Cost Savings." Specifically, please see column "C" entitled "PRC Costs."

b. The costs of each operation in the realigned network are derived and presented in Library Reference USPS-LR-N2012-1/20. They are presented in the workbook entitled "Mail Processing Labor Cost Savings.xls," in the tab entitled, "Calc Labor Cost Savings." Specifically, please see column "L" entitled, "Realigned Network Cost After Productivity."

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
TO PUBLIC REPRESENTATIVE INTERROGATORY
REDIRECTED FROM WITNESS NERI

PR/USPS-T-6-9

Please refer to page 15 of your testimony which states: "The increase in cost for such diversion will depend on price charged by the carrier to transport the mail... Additionally, the diversion of such mail from surface to air transportation will increase the handling costs of such mail". Please provide any analysis, including short-term or long-term projections, which estimate the costs charged by air transportation providers for increased use of the service. If such analysis has not been performed, please explain.

RESPONSE:

For an analysis of the additional air transportation costs please see page 29 of my testimony. As stated on page 30 of my testimony:[1]

> Moving the mail from surface transportation to air transportation will cause the Postal Service to incur an additional $124.9 million dollars in air transportation cost.

The details of this calculation are presented in the non-public Library Reference USPS-LR-N2012-1/NP6. The public version is presented in Library Reference USPS-LR-N2012-21.

[1] *See* "Direct Testimony Michael D. Bradley on Behalf of the United States Postal Service," Docket No. N2012-1, USPS-T-10, at 30.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

8. The Postal Service states that transportation costs will be saved from Postal Vehicle Service (PVS) transportation through transfer of responsibility to Highway Contract Route (HCR) service as the cost of HCR is lower than that of PVS transportation. USPS-T-10 at 34.

a. Please discuss whether achieving transportation cost savings by transferring responsibility to HCR service could be achieved independent of the proposed network rationalization and changes in service standards. Please include a discussion of the rationale for including it as a component of the cost savings resulting from the network and service changes.

b. Refer to the Institutional Responses of the United States Postal Service to Public Representatives First Set of Interrogatories and Requests for Production, Redirected from Postal Service witness Rachel (PR/USPS-T8-1-3), question PR/USPS-T8-2, filed on January 4, 2012. In this response, the Postal Service states that all non-managerial Motor Vehicle Operators have layoff protection. In light of these protections, please discuss how the Postal Service plans to transfer PVS transportation responsibility to HCR. Additionally, please discuss the rationale for counting the entire labor cost of all PVS employees working at potentially eliminated PVS sites as transportation cost savings.

RESPONSE:

(a) It is my understanding that the closing of mail processing facilities associated with the service standard change is the event that will cause the closing of the PVS operations at the identified sites. Without the closing of the mail processing facility, the Postal Service would still need the associated transportation. Thus, the rationale for including these cost savings as a component of the cost savings resulting from the network and service change is that they would be initiated by the structural change in the mail processing network caused by the service standard change.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

RESPONSE to Question 8 (continued):

The next question is how to calculate the cost of any additional highway transportation required at the remaining active sites. It is my understanding that the Postal Service plans stipulate that any additional transportation be in the form of Highway Contract Routes, so the cost of HCR transportation is the appropriate basis for estimating the cost of any additional transportation required at active sites.

To the extent that the unit cost for HCR transportation is less than the unit cost for PVS transportation, it is true that the Postal Service would save cost anytime that it substitutes HCR transportation for PVS transportation. The fact that the Postal Service continues to use PVS transportation, despite it higher cost, indicates that there are reasons other than just cost for its continued use. One could infer that those reasons make it difficult for the Postal Service to simply substitute HCR transportation for PVS transportation in order to achieve cost savings.

(b) I am informed by witness Rachel that the Postal Service will use the complement-reduction tools described in his testimony to reduce the number of PVS employees in order to achieve the savings. That being the case, it is appropriate to include the entire labor cost of the PVS employees at potentially eliminated PVS sites in calculating the estimated cost savings. Moreover, I am informed by witness Martin that when the Postal Service transfers the PVS transportation responsibility to an active site, it will comply with its obligations under the collective bargaining

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

RESPONSE to Question 8 (continued):

agreement and will follow its standard contracting procedure in acquiring any additional HCR transportation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

9. Refer to Responses of the United States Postal Service to Questions 3-6, 14, 15 (a-k), 18(b) and 21 of Presiding Officer Information Request No. 1, filed on January 9, 2012. In response to question 15 (j), witness Mehra states, "I am informed that the testimony of witness Bradley does not consider BMEUs when calculating transportation cost savings."

a. Please discuss the rationale for excluding the transportation costs of the BMEUs that will be kept open at impacted facilities.

b. Please provide estimates of transportation costs of keeping BMEUs open at impacted facilities.

RESPONSE:

(a) It is my understanding that any Postal Service plans to keep BMEUs open at impacted facilities are included as part of the transition to the realigned network but are not included as part of the final realigned network. As a result, witness Martin's analysis of the operational structure of the highway transportation in the realigned network and my subsequent analysis of the highway transportation cost changes for the realigned network exclude analysis of BMEUs at impacted sites. This is because the Postal Service is interested in calculating the "full up" cost impacts of the network change and not the transition costs.

(b) The cost of providing highway transportation for BMEUs remaining active at impacted sites depends upon the number of BMEUs remaining active, the locations of the BMEUs remaining active, and the operational structure put in place to provide any necessary transportation. It is my understanding that the Postal Service has not determined the answers to

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

RESPONSE to Question 9 (continued):

these questions. The transportation cost of keeping BMEUs open at impacted facilities cannot be calculated until these answers are known.

1 CHAIRMAN GOLDWAY: Is there any additional
2 written cross-examination for Witness Bradley?
3 (No response.)
4 CHAIRMAN GOLDWAY: I don't see that there is
5 any. That means that we can begin with oral cross-
6 examination.
7 Four participants have requested oral cross-
8 examination of Witness Bradley, the American Postal
9 Workers Union, AFL-CIO, Mr. Anderson. The Greeting
10 Card Association, Mr. Stover; the National Postal Mail
11 Handlers Union, Ms. Keller and the Public
12 Representative, Mr. Laver. Is there any other
13 participant who wishes to cross-examine Witness
14 Bradley?
15 (No response.)
16 CHAIRMAN GOLDWAY: If not, APWU, will you
17 please begin?
18 MR. ANDERSON: Thank you, Madam Chairman.
19 CROSS-EXAMINATION
20 BY MR. ANDERSON:
21 Q I'm Darryl Anderson, counsel for the
22 American Postal Workers Union. Hello, Professor
23 Bradley.
24 A Good morning.
25 Q Nice to see you today.

1 Q With regard to could you take a look at
2 Footnote 12 of your testimony?
3 A Can you tell me the page?
4 Q Oh, yes. Sure. Of course. Page 9.
5 A Thanks.
6 Q That indicates which facilities are
7 considered active and inactive sites used to determine
8 your cost savings come from Library Reference 34. Can
9 you clarify for us which facilities are considered
10 active?
11 I mean, I know there's certain notations on
12 those in LR-34. Is it the ones where the column
13 saying "Current Open" is a Y and "Model Opens" is a Y?
14 Do you have Library Reference 34 there?
15 A I don't. Sorry.
16 Q Okay. Let me see if I can help out with
17 that.
18 A It's been a little bit -- a couple months --
19 since I looked at it.
20 Q Gosh. It's not the sort of thing that you
21 look at every day I know. I have only one so now I'll
22 be at a loss, but I've got some notes so hopefully
23 that will help.
24 A I won't look at your notes. I promise.
25 MR. ANDERSON: You can look, but I don't

1 think it helps. This is supposed to be an open book
2 here. All we want are the facts.
3 May I approach?
4 CHAIRMAN GOLDWAY: Yes, of course. You may
5 approach.
6 THE WITNESS: All right.
7 BY MR. ANDERSON:
8 Q And if you can't answer this we'll work it
9 out later. I can perhaps talk to counsel and maybe we
10 can figure it out that way.
11 But I thought you'd probably be able to take
12 a look at that and refresh your recollection about
13 which facilities are considered active and how they're
14 noted there.
15 A Yes, I think so. I think. This helps
16 seeing it again.
17 Q Yes.
18 A For my purposes there would be two
19 designations that would be required for it to be
20 called an active facility. There's the column that
21 you referred to, Model Opens, would be a Yes, and also
22 see the column right beside it? Well, you gave me
23 yours, but there's a column --
24 Q I have another one.
25 A Okay.

1 Q I have one now. Thank you.
2 A There's a column right beside it that says
3 Mod Site.
4 Q Yes.
5 A And that also has to be Yes.
6 Q Okay. So then if it's yes in both columns
7 then they're considered active?
8 A Correct.
9 Q Thank you. Now, which ones are considered
10 inactive? I mean, is it the ones that are a Y in the
11 Current Open and an N in the Model Opens? Is that how
12 we know they're inactive?
13 A That's correct. It's a mod site, but it's a
14 No in the Model Opens.
15 Q Right. Got it. Okay. Thank you for that
16 clarification. Isn't it true that some of these
17 facilities that are inactive have had AMPs implemented
18 between the time of Ms. Rosenberg's 2010 modeling date
19 and the December 5 date of this filing?
20 A Between then and now?
21 Q Yes. Well, no. Between Ms. Rosenberg's
22 modeling and when this -- this proceeding was actually
23 filed on December 5.
24 A Got it. When she ran her model -- I don't
25 know the exact timing of the AMPs, but I take your

1 word for it.

2 Q Okay. Fine. Can you give me an overview of

3 how you will go about determining which facilities are

4 considered active and which are considered inactive,

5 if you're asked to update your analysis?

6 A That's actually Witness Rosenberg's work. I

7 didn't do the determination. She did. And so I would

8 expect that I would get a revised version of Library

9 Reference 134, which would have similar designations,

10 and I would work from that.

11 MR. ANDERSON: Okay. Thank you.

12 MR. FOUCHEAUX: For clarity of the record,

13 that was Library Reference 34.

14 THE WITNESS: Yes. Sorry.

15 CHAIRMAN GOLDWAY: Thank you --

16 MR. ANDERSON: Thank you very much.

17 CHAIRMAN GOLDWAY: -- for that

18 clarification.

19 BY MR. ANDERSON:

20 Q In your analysis I don't think that you

21 have, but I want to make sure it's clear in the record

22 that you have not incorporated any costs for hubs in

23 your analysis of the total costs, in the cost of this

24 transition.

25 A Let me say it this way. There's no analysis

1 of hubs in calculatinG the cost savings. Is that
2 fair?
3 Q Yes.
4 A Okay. Yes.
5 Q Or for that matter there will be additional
6 costs. There will be offsetting additional costs for
7 hubs, and that offsetting additional cost is not a
8 part of the consideration here either.
9 A Yes. When I say in calculating cost
10 savings, that could include cost increases too.
11 Q Yes. I'm not an economist. I know for you
12 guys --
13 A Yes.
14 Q -- pluses and minuses --
15 A Don't matter.
16 Q -- are just all part of the same thing, but
17 to me they're different.
18 A We have things called negative tax --
19 Q Got it. There you go.
20 A Yes.
21 Q Yes. And likewise, to the extent that the
22 Postal Service finds it necessary to relocate BMEUs
23 then those costs are not calculated as part of the
24 savings either here in this analysis?
25 A Correct.

1 Q Okay. Thank you. Now, I think you'll agree
2 with me too that if assumptions were made by those who
3 gave you the information necessary for you to work
4 your mathematical model, if assumptions were made
5 about the number of facilities that would be closed,
6 to the extent that those assumptions are changed
7 that's going to have a very significant impact or it
8 could have a significant impact on what comes out of
9 the other end of the calculation obviously so that if
10 they change their assumptions and give you different
11 data it's going to be important for you to
12 recalculate.
13 A Well, being somewhat careful not to jump off
14 the cliff with words like significant and important, I
15 would agree with you that if they change the listing
16 of facilities which are open and closed that would
17 change the cost savings.
18 As to whether they're significant,
19 important, that really is dependent upon how much
20 difference there is between the list that is in this
21 library reference and the final list that they come up
22 with.
23 Q I must say, I envy you your position here
24 because it all depends on what they tell you.
25 A It has its strengths and weaknesses.

1 Q I mean, if they give you decomposing
2 vegetable matter to put into your formula then what
3 comes out the other end is probably going to resemble
4 what goes in, but it's not your fault and so we have
5 to talk to them about that.
6 That's not a question. I withdraw that
7 question. Insofar as it was one, I withdraw it.
8 CHAIRMAN GOLDWAY: It was a comment.
9 BY MR. ANDERSON:
10 Q But I do want to quibble with one aspect of
11 what you've done here, at least one. I may stop
12 there. If I could ask you to look at page -- it's
13 actually a response to a Mail Handler interrogatory.
14 It's NPMHU/USPS-T10-10.
15 A Okay. I have it.
16 Q Okay. And you say that if AMP studies or
17 any other reason cause the Postal Service to redefine
18 the list of active and inactive sites that
19 redefinition could affect my estimated cost savings
20 from workload transfer, in-plant support reductions
21 and plant manager reductions. If for any reason the
22 number of facilities expected to be inactive in the
23 realignment is reduced then these estimated cost
24 savings would also be reduced.
25 I inferred from that statement that you were

1 saying that the other elements of your cost savings
2 would not be affected by the change in the number of
3 facilities, and I think some of the other ones are
4 affected so I wanted to have a discussion with you
5 about that.
6 A Okay. Great.
7 Q Am I correctly inferring that that's what
8 you intended to imply by that statement. That your
9 other cost estimates would not be affected?
10 A Not necessarily, no.
11 Q Okay.
12 A These are clearly things which are related
13 to the number of facilities. They are very good
14 examples of things that would change because in the
15 mathematical model you talked about earlier each of
16 these calculations has in its formula the number of
17 active versus inactive facilities, so it's a very
18 clear linkage. They were good example.
19 Q Okay. So those were examples?
20 A I wasn't suggesting that nothing else could
21 change. Sorry.
22 Q Okay. So if I could ask you then just to
23 look at page 41 of your testimony again --
24 A Surely.
25 Q -- at Table 16?

1 A I've got it.

2 Q Okay. Could I ask you to confirm, for

3 example, the transportation cost change would

4 certainly be affected by a change in the identity and

5 number of the facilities that are closed?

6 A Again, if I could be cautious and not be

7 certain, I would be happy to say I would expect that

8 they would change, but again until I've done the

9 analysis I don't like to prejudge.

10 But certainly to the extent that Witness

11 Martin has a different network that she's configuring

12 and gives me different inputs I would expect to get

13 different outputs.

14 Q And with regard to the factor of PVS to HCR

15 conversions, I see you have a $100 million savings

16 there.

17 A Correct.

18 Q Once again I know that you receive the input

19 for your model from the Postal Service and so I've

20 inferred, and I'd just like you to confirm, that you

21 made no judgment that anything about network

22 consolidation makes it easier for the Postal Service

23 to convert from PVS to HCR?

24 A I did receive a question from the Commission

25 on that issue, a POIR, and I do think that -- and

1 again, this is not as an operations expert. This is
2 just looking at the numbers.
3 But the fact that PVS transportation at
4 least on a mileage basis is more expensive than
5 contract transportation on a mileage basis, yet the
6 two co-exist at the same time, would suggest that
7 there are reasons other than cost that are associated
8 with having that PVS transportation in place.
9 Again, I don't have any operations insight.
10 That was just my logical conclusion. That being the
11 case, I could understand where a structural change
12 such as closing a whole unit could provide an
13 opportunity to the Postal Service to make that
14 conversion, which may not be there normally.
15 Q But you've merely inferred that.
16 A Correct.
17 Q You don't have any operational knowledge
18 about that.
19 A That's correct.
20 Q So in essence I'm correct that you were
21 relying for that savings number on a communication
22 from the Postal Service informing you that in fact
23 that would be the case?
24 A Yes. That's right. As I said in my
25 testimony, I relied on Witness Martin's identification

1 of the --

2 Q I'm trying to save you here from getting

3 into the position that Ms. Martin is in where we have

4 to attack her assumptions in her calculations.

5 A I like to avoid attacks, so that sounds good

6 to me.

7 Q I respect that. So in other words, if in

8 fact the network consolidation has nothing to do with

9 the right or ability or the opportunity of the Postal

10 Service to convert from PVS to HCR then I think you

11 would agree with me that that would be a factor that

12 we should extract from the savings?

13 A Hypothetically.

14 Q It's a hypothetical.

15 A Hypothetically I would agree.

16 Q Subject to check.

17 A Yes.

18 Q Okay.

19 A Yes. I would agree. Sure.

20 Q Okay. And by the way, just for the record

21 it would be silly for me to cross-examine you on your

22 assumption that the PVS is more expensive by the hour

23 than HCR. I know that too is information you've been

24 given. You've never calculated that. Isn't that

25 correct?

1 A It's more expensive by the mile, not by the
2 hour.
3 Q By the mile. I'm sorry. By the mile.
4 You've been given that information. You didn't
5 calculate it?
6 A Well, no. Actually I did. I was given the
7 information for the 40 PVS sites that are on the
8 inactive list. We were given the mileage that was
9 driven for those sites and we were given the cost.
10 Q Right.
11 A Both labor and nonlabor costs.
12 Q Right.
13 A And from that you can calculate an average.
14 Q But you're assuming that the Postal Service
15 is using methodologically correct ways of assigning
16 costs to PVS and HCR?
17 A Fair enough.
18 Q I mean, for example, if I told you that they
19 assumed no overhead costs and no administrative costs
20 for their HCR contracts and that all the
21 administrative costs in their motor vehicle
22 operations, including those for administering the HCR
23 contracts, are assigned to PVS you might infer from
24 that that there could be a reason to challenge their
25 assertion that HCR is on a mile-per-mile basis cheaper

1 than PVS. It could be that that's not true.

2 A It could be.

3 Q This is completely changing the subject now.

4 How do you handle facilities that are only partially

5 consolidated? For example, some of them, when they do

6 one of these AMP studies only originating mail is

7 taken out of the inactive facilities.

8 A As it turns out, Witness Smith actually does

9 the cost analysis for facility consolidation and

10 really all I did was include his numbers on my Table

11 16, so he would be the person that could tell you how

12 a partial closing would affect facility space. I did

13 not do that.

14 Q Going back to Table 16 again, and I'm sorry.

15 I forgot to ask you this one. I wanted to touch on

16 the issue of productivity. As with the other factors,

17 you didn't calculate the productivity yourself. Isn't

18 that correct?

19 A That's correct.

20 Q Okay. So if the productivity changes

21 associated with network consolidation are affected by

22 the changes in the way they decide to effectuate this

23 then that's another factor that would have to be

24 altered as well in your calculation?

25 A That's correct. And the direction is clear.

1 To the extent that a reconfiguration reduces
2 productivity the cost savings would be lesser. To the
3 extent it increases productivity the cost savings
4 would be greater.
5 MR. ANDERSON: That's all I have. Thank you
6 very much.
7 THE WITNESS: You're welcome.
8 CHAIRMAN GOLDWAY: Mr. Stover from Greeting
9 Card?
10 MR. STOVER: Thank you, Madam Chairman.
11 CROSS-EXAMINATION
12 BY MR. STOVER:
13 Q Good morning, Dr. Bradley.
14 A Good morning.
15 Q I'm David Stover. I represent the Greeting
16 Card Association, and I'm going to start by asking you
17 to turn with one hand to Interrogatory GCA/USPS-T10-1
18 and with the other hand to page 2 of your prefiled
19 testimony.
20 A Let me get my other hand. Okay.
21 Q The reference on page 2 is down in lines 10
22 and 11. You tell us that the approach that you've
23 used throughout is one you used to avoid "confounding
24 two potential sources of cost changes, the change in
25 service standards and volume reductions."

1 A Correct.

2 Q And I'd like to talk with you about what you

3 include under volume reductions. May I assume that

4 that would cover internet diversion of first class

5 mail or whatever class of mail gets diverted to the

6 internet?

7 A I would be willing to stipulate that this

8 would be for a change in volume for any reason other

9 than the service standard change.

10 Q I see. So we have a pie here with one small

11 slice representing the subject matter of this case and

12 nothing else, and everything else, the rest of the

13 pie, is what you call volume changes which you wish to

14 put aside for purposes of your analysis?

15 A That's right. And the difference is causal

16 in the sense that potentially volume changes which are

17 caused by the service standard change could flow from

18 that and be part of the analysis, whereas any volume

19 changes that were say from internet diversion were not

20 caused by the service standard change.

21 Q Okay. Thank you. That's helpful. You

22 shortened the questioning considerably. Thank you.

23 A Oh, good.

24 Q Let's stay with Interrogatory 10-1 for the

25 moment. In Part C you explain that you could not

1 confirm the proposition we put before you because
2 "answering this question requires forming a forecast
3 of volume in a future year, which I have not done."
4 Is it the case, to your knowledge, that the
5 Postal Service makes forecasts of volume for future
6 years --
7 A I believe they do.
8 Q -- for other purposes than this case?
9 A I believe they do.
10 Q So that you would anticipate that if you
11 were asked by your client to answer the question which
12 we put in 1C you would resort to a volume estimate of
13 that kind to go about the job?
14 A Sorry. I'm not sure I got that one. Could
15 you do it again?
16 Q I'm sorry. We asked you in Subpart C to
17 confirm that by the time a full up new network was
18 configured volumes would be lower than were reflected
19 in your analysis.
20 A Correct.
21 Q And you said you couldn't confirm that
22 because you didn't make an estimate of future volumes.
23 A That's correct.
24 Q And I'm supposing that someone in a position
25 to ask you to do this asks you to see whether the

1 proposition in Subpart C was correct. Would you for
2 that purpose take a Postal Service estimate of future
3 volume?
4 A I got it now. So the question would be in
5 going about the business of confirming whether or not
6 volumes will be lower in the future what process would
7 I use?
8 Q Yes.
9 A Okay. Well, I think there's several
10 possibilities. One would be to take a published
11 estimate by the Postal Service -- there's probably
12 published estimates by non postal people too -- and/or
13 one could make one's own forecast.
14 Q Yes. But the Postal --
15 A I'm not trying to get that job, but, I mean,
16 it's an alternative.
17 Q So the Postal Service's published estimate
18 would be a likely way to start that analysis if you
19 were asked to make it?
20 A Assuming they have a public forecast. Sure.
21 Q Thank you. Now I would like, if you will,
22 to go to the transportation section of your testimony.
23 This is page 33, and it's Table 12. It really starts
24 a little way before that where you describe your
25 procedure which produced Table 12.

1 I think I understand the procedure more or
2 less, but I wanted you to confirm, if you would, that
3 it does not make any use of the actual cost of the
4 plant to plant trips which were in Witness Martin's
5 subset that she studied.
6 A That's correct. You're saying her analysis
7 to come up -- let me explain and then make sure I'm
8 with you.
9 The way I would describe it is she did an
10 analysis on a very specific set of routes to identify
11 her 24.4 percent reduction in needed transportation
12 capacity. My analysis did not depend upon that
13 specific subset except to the extent that they
14 happened to exist in FY '10 and were in the total
15 accrued cost. But I did not depend upon her specific
16 list, no.
17 Q Well, that's helpful, but it wasn't quite my
18 question.
19 A Sorry. Okay. Sorry.
20 Q In that specific subset in her response to
21 one of our interrogatories she provided -- and perhaps
22 in LR-11 too. I don't remember actually. She provided
23 the annual cost of each of the trips she studied, and
24 my question was whether you made any use of those
25 actual costs for the 1,700 and some --

1 A I did not.

2 MR. STOVER: You did not. Okay. Thank you.

3 Madam Chairman, I think that's all we have for Dr.

4 Bradley.

5 CHAIRMAN GOLDWAY: Interesting.

6 MR. STOVER: Thank you, Dr. Bradley.

7 THE WITNESS: Thank you.

8 CHAIRMAN GOLDWAY: And Mr. Laver, how long

9 do you think your questions are going to be?

10 MR. LAVER: I would think less than about

11 three minutes, Madam Chairman, but I believe the Mail

12 Handlers Union --

13 CHAIRMAN GOLDWAY: What about the Mail

14 Handlers?

15 MS. KELLER: I would estimate somewhere more

16 in the 10 to 15 minute range. Perhaps less, depending

17 on the answers.

18 CHAIRMAN GOLDWAY: Well, let's continue

19 moving forward here.

20 THE WITNESS: I don't mind. Muddle along,

21 right?

22 CHAIRMAN GOLDWAY: Let's muddle along. Ms.

23 Keller?

24 MS. KELLER: Thank you.

25 //

1 CROSS-EXAMINATION

2 BY MS. KELLER:

3 Q Kathleen Keller for the National Postal Mail

4 Handlers Union.

5 A Good morning.

6 Q Good afternoon at this point.

7 A Oh, sorry. Good afternoon.

8 Q Good afternoon, Doctor. Let's see. We're

9 on page 33 of your testimony and Table 12, so let's

10 stay there for a minute, actually looking back to the

11 previous page, page 32.

12 Now, you provide a formula here, and you

13 state that in this formula you use a capacity

14 variability, and capacity is measured by cubic foot

15 miles of provided transportation. Is that right?

16 A That's correct.

17 Q Okay. Now looking back to Table 12 where

18 you estimate the cost savings based upon the capacity

19 reductions supplied to you by Ms. Martin, was it your

20 understanding that these capacity reductions were in

21 terms of cubic foot miles of transportation?

22 A That's correct.

23 Q Okay. Would you be surprised to learn that

24 those capacity reductions are actually number of

25 trips?

1 A No, I would not.
2 Q Okay. Do you have an understanding of how
3 many trips are included in each of these contract
4 types?
5 A I did at one time, but I don't remember
6 right now.
7 Q That's fine. Was that part of your analysis
8 or no?
9 A No, not this time.
10 Q You just looked at the cost pools for each
11 of those categories?
12 A Correct.
13 Q Okay. Would you assume that within those
14 cost pools that the costs were evenly divided among
15 trips by number of trips?
16 A I'm not sure what you mean by evenly
17 divided.
18 Q Let me ask it a different way. Would you
19 assume that within these cost pools each trip had the
20 same cost?
21 A No, not necessarily.
22 Q In fact, that would be pretty unusual,
23 wouldn't you think?
24 A I think there are probably a number of trips
25 who have the same cost, but I think there's a good

1 distribution of costs per trip among them, the ones
2 included. That's right.
3 Q And given that, are you troubled by
4 estimating cost reductions based on a percentage of
5 trips when the trips themselves, the cost of the trips
6 themselves, could vary so widely and the cubic foot
7 miles involved in each trip could vary considerably?
8 A No. I think the advantage of this approach
9 is that this is essentially a top down approach, as
10 opposed to maybe a bottom up approach. The advantage
11 of this is we have a well-known relationship between
12 moving capacity, which is cubic foot miles, and cost.
13 You know, cubic foot miles is made up of
14 trucks times frequency, which is trips, times miles.
15 And so we've seen historically that there's a
16 proportional relationship between the number of trips
17 that the Postal Service has within say interarea or
18 intercluster and the cubic foot miles.
19 So I don't think it's a big stretch to go
20 from Witness Martin's thinking about this in terms of
21 reducing her network in terms of trips to reducing in
22 terms of cubic foot miles. My experience with
23 Transportation and Operations people is that when they
24 think about their network they tend to think about it
25 in terms of trips because of the relative consistency

1 of truck size and that kind of thing, but it
2 translates into cubic foot miles.
3 Q Wouldn't it be a more accurate calculation
4 just to use the cubic foot miles?
5 A For what?
6 Q Well, I'm looking at your own formula. In
7 your own formula you define the capacity as the cubic
8 foot miles.
9 Witness Martin has those numbers. She has
10 the mileage involved in each trip and she has the
11 frequency involved in each trip. She could calculate
12 those numbers and provide that to you. Wouldn't that
13 be a preferable way of calculating the reduction in
14 costs here?
15 A I would like to respectfully disagree a
16 little bit with the premise. I think what she had was
17 costs for a subset of the network that she analyzed to
18 come up with a proportional number.
19 She certainly did not have in her analysis
20 all the costs for all the trips for an interarea or
21 intercluster or inter-P&DC. Moreover, she doesn't
22 know yet which ones are going to be eliminated, so
23 while --
24 Q That's true, but let's just -- I'm sorry to
25 interrupt you.

1 A Yes.

2 Q I just didn't want to go too far down that

3 road.

4 A But the point, it is true and it's important

5 for calculating the overall cost reduction. And I'll

6 stop interrupting your interruption so you can go

7 ahead, but --

8 Q Okay. Perhaps we've gone as far as we can

9 down that road.

10 Do you have an understanding as to whether

11 there is a variation in HCR costs by region or

12 geography? Are the prices the same to transport mail

13 within say the tri-state area around New York versus

14 within the Rockies versus in Nebraska?

15 A I believe it was R2000-1 actually did an

16 analysis of highway transportation and looked at the

17 size of those regional differences. It depends in

18 part. I think, as I recall, there are some, yes. I

19 think it depends in part on the type of the

20 transportation. I just don't remember.

21 Q All right.

22 A It's been a while.

23 Q And you used in your calculations a national

24 average for the HCR costs. Is that right?

25 A Well, I used the total cost. It's not an

1 average. It's the actual total cost for the network.
2 Q Okay. But in coming up with a per mile
3 cost, that would be an average for the --
4 A Again, one of the advantages of the
5 Commission's approach and this whole approach is you
6 don't have to come up with a per mile cost. You
7 actually can calculate from the top down the reduction
8 of cost that's associated with any reduction in
9 capacity.
10 Q But for these purposes, if, for instance,
11 the reduction in trips were heavily concentrated in a
12 specific geographic area that had a higher HCR cost
13 that would affect the results of how much you were
14 going to be saving, correct?
15 A Then you'd have greater cost savings in that
16 calculation. That's true.
17 CHAIRMAN GOLDWAY: Or lesser cost savings.
18 THE WITNESS: I thought she said it was a
19 high cost area, didn't she say, so you're saving money
20 in a place where the cost -- if you save 10 percent of
21 $100, that's more than 10 percent of $50. That's all
22 I was getting at.
23 BY MS. KELLER:
24 Q Well, it depends. If you're looking at your
25 savings --

1 CHAIRMAN GOLDWAY: I think she's saying if
2 you substitute the contract carriers and they're more
3 expensive in an expensive area then you wind up saving
4 less. I think that was what she said.
5 THE WITNESS: I don't think we're doing the
6 PVS switch here. I think this is all contract, right?
7 We're talking about Table 12?
8 MS. KELLER: Well, the point was merely that
9 for different areas of your calculations it might have
10 different effects.
11 CHAIRMAN GOLDWAY: Oh.
12 THE WITNESS: Oh.
13 BY MS. KELLER:
14 Q And I think the reverse was also true that
15 if you had lower HCR costs then your savings might be
16 less on this particular chart?
17 A Yes. Agreed. Let's do a hypothetical. I
18 guess I'm not supposed to be doing hypotheticals, but
19 let's do a hypothetical that all the cost savings came
20 in a region that had very low contract costs. In my
21 $50 example then the cost savings would be less than
22 overall. That's right. Sure.
23 Q If we could turn to page 38 of your
24 testimony, Table 15?
25 A I have it.

1 Q Now, this baseline cost that you were
2 looking at, and I apologize if you explained this a
3 minute or two ago, but if you could explain it for me
4 again? What is included in this baseline cost?
5 A This would be the cost for what we're
6 calling here plant to post office transportation in
7 the current -- well, not current. In FY '10, the
8 current operating environment.
9 So it would be the cost of producing that
10 type of transportation for the fiscal year 2010 in the
11 actual operating environment.
12 Q Okay. So that's an all-inclusive number for
13 that category? Is that correct?
14 A Correct.
15 Q Okay. And in making this calculation as to
16 the savings, did you understand that Ms. Martin
17 developed her 13.7 percent capacity reduction based on
18 looking at a small sampling of facilities that were
19 being considered for consolidation?
20 A I didn't actually know whether they were
21 ones that were being considered or not. I do know she
22 look -- she pulled a sample and looked at them to get
23 an idea of the percentage reduction in capacity.
24 Q Okay. Well, would it affect your
25 calculation or is it appropriate to apply this 13.7

1 percent reduction to the total baseline costs given
2 that she was only calculating that based on facilities
3 that were going to be consolidated?
4 A Yes, I think so. The only place you're
5 going to have cost savings are in areas where the
6 facilities -- I mean, I think let me go back two steps
7 to think about it.
8 One is in general potentially all facilities
9 are eligible for consideration, so you start with the
10 baseline and that's how you start out your analysis.
11 Then she's going to calculate across that network what
12 the percentage reduction in capacity she would
13 anticipate would take place. Because that number,
14 however calculated, the number is applicable across
15 the network --
16 Q Let me stop you there.
17 A -- then I would say it is appropriate to
18 apply it to the cost of that entire --
19 Q Okay. Well, let's take a different
20 assumption about what she did. Let's say what she did
21 is she looked at facilities being consolidated and
22 said in facilities being consolidated I am expecting
23 to see a 13.7 percent reduction in capacity.
24 If that's what she did -- she didn't look at
25 the whole network. She looked at facilities being

1 consolidated -- would it be appropriate to apply that
2 13.7 percent reduction across the whole network given
3 that less than half of the facilities would be
4 potentially consolidated?
5 A My understanding, and again this is just
6 from asking her what the number was. But my
7 understanding is what she provided me with was the
8 reduction in capacity across the existing network.
9 Q Okay.
10 A The 13.7 percent reduction in what the
11 network does now.
12 Q I'd like to turn now to page 17 of your
13 testimony.
14 A I've got it.
15 Q It contains Table 4, which is Cost Changes
16 by Operation Caused by Increases in Productivity. And
17 these are estimated increases in productivity or
18 estimated savings percentages supplied to you by Mr.
19 Neri, correct?
20 A That's correct.
21 Q In response to APWU/USPS-T10-1, I believe
22 you stated that productivity gains you had calculated
23 as 37.5 percent of your total savings?
24 A If I could restate that a little bit?
25 Q Yes.

1 A What I calculated was the percentage of the
2 total cost savings that come from productivity gains
3 was 37.5 percent. So to make it easy if the cost
4 savings were $100, $37.50 are from productivity gains.
5 Q Okay.
6 A Okay.
7 Q And I attempted to do my own math, and I
8 wanted to run it against you.
9 A Sure.
10 Q But based on my math, it appeared that that
11 was the savings for craft labor I guess you'd call it,
12 and it doesn't include the related savings for
13 decreases in supervisors, managers, service-wide
14 costs. That those would be on top of that, correct?
15 A Correct. If we could turn to Table 41?
16 Q Yes.
17 A If you see the second row of the table, it
18 says Productivity Gains, $964.2. Then if you go back
19 to Question 10-1 the question says, "Please confirm
20 that about 40 percent of these savings ($964 million)
21 come from your calculation of productivity." So 37.5
22 is literally that $964.2 divided by the total.
23 Q Yes. Okay. And those other savings flow
24 out of that first? Is that correct?
25 A To the extent, for example, you have

1 indirect cost savings that would be -- well, we call
2 it piggybacked -- piggybacked on top of the direct
3 cost savings that itself came from a productivity
4 gain. Then you could draw a broader number that would
5 be associated with the productivity gain. Sure.
6 MS. KELLER: Thank you very much.
7 THE WITNESS: You're welcome.
8 MS. KELLER: Those are the only questions I
9 have.
10 CHAIRMAN GOLDWAY: That's great. Mr. Laver?
11 MR. LAVER: Thank you, Madam Chairman.
12 Chris Laver on behalf of the Public Representative.
13 CROSS-EXAMINATION
14 BY MR. LAVER:
15 Q Thank you for being here, Dr. Bradley.
16 A Sure.
17 Q Good afternoon.
18 A Thanks.
19 Q I only have a couple of questions, thanks to
20 counsel taking care of most of them here. One of them
21 is specific and one of them is very general, so I'll
22 ask you first the specific one.
23 On page 38 of your testimony, and I note
24 this is the table again where the 13.7 percent appears
25 from Witness Martin.

1 A Right.
2 Q Now, I know the title speaks for itself, but
3 you've already testified that this does not include
4 plant to plant transportation. That that wasn't
5 considered.
6 A This is just plant to post office. Plant to
7 plant is on Table 12.
8 Q And also that table does not include post
9 office to plant, correct?
10 A No. No. I think the title Plant to Post
11 Office includes trips out and trips back.
12 Q So that data would include both trips to and
13 from the plant for both originating and destinating
14 mail?
15 A Yes. And generally in this part of the
16 network it's called intra SCF. The trips are round
17 trips, so it's going to include going out and coming
18 back.
19 Q So that cost figure includes --
20 A Correct.
21 Q -- costs for both going out and coming back?
22 A Correct.
23 Q Okay. And now my very general question, and
24 counsel for APWU has already touched on this, but have
25 you undertaken any sort of -- you know, we've talked

1 about the 13.7 percent from Witness Martin. You just
2 touched on the variability, the productivities that
3 Witness Neri provided for you.
4 And when you say provided for you, you did
5 not make any independent calculation in terms of
6 verifying either their underlying factual accuracy?
7 Is that correct?
8 A That's correct. You know, obviously I
9 looked at them to see if they seemed reasonable. I
10 wouldn't have proceeded to calculate cost that go with
11 them if I thought they were unreasonable, but I didn't
12 do any -- you said it better than I did -- underlying
13 analytical analysis.
14 Q Okay. And the same as you didn't look at
15 the factual accuracy, you also didn't look at their
16 methodology necessarily, correct?
17 A No. That is correct.
18 MR. LAVER: Okay. That is all I have for
19 you. Thank you very much for your time. Thank you,
20 Madam Chairman.
21 CHAIRMAN GOLDWAY: Any of you would like to
22 follow up on questions from others?
23 (No response.)
24 CHAIRMAN GOLDWAY: That leaves us questions
25 from the bench. Questions from the bench?

1 Commissioner Taub is interested.

2 COMMISSIONER TAUB: Professor Bradley?

3 THE WITNESS: Good morning.

4 COMMISSIONER TAUB: Good to see you.

5 THE WITNESS: Good afternoon. Sorry.

6 COMMISSIONER TAUB: It's been nearly two

7 decades since we --

8 THE WITNESS: Yes.

9 COMMISSIONER TAUB: -- first spent a lot of

10 time talking about Postal Service costs and the theory

11 of price cap and all of that. It's been a long

12 journey.

13 Given your long experience on Postal Service

14 costing, I wanted to pick up a couple threads from the

15 previous discussion we were having, which goes to

16 really your thoughts on the necessity of eliminating

17 overnight service standards to achieve the

18 efficiencies in mail processing operations. Could you

19 give your thoughts on that from your long perspective

20 particularly in this area?

21 THE WITNESS: Certainly. You know, in

22 thinking about this case and the cost savings that go

23 with it, I generally start these things from a

24 somewhat skeptical point of view because my tradition

25 not just with the Postal Service, but with lots of

1 people in industry, they tend to start from sort of
2 the idea of well, if we're going to change this we're
3 going to save a lot of cost. In reality, that's not
4 always true. As the Commission knows and I know from
5 doing this, that's not always true.
6 So I do think in this case I did start from
7 a somewhat skeptical perspective, but I did get the
8 sense as I learned about what was going on and I was
9 provided the inputs that I got from other people that
10 for the Postal Service to be able to achieve the kinds
11 of productivity gains that are embodied in that almost
12 $1 billion number, and that's a big number, in Table
13 41 there has to be a change in the structure of the
14 way they do their operations.
15 You know, the postal workers already work
16 very hard. Management is really trying to do their
17 best. As someone, I think the Commissioner, said
18 earlier, they're really trying to save money now, but
19 they need a structural change to get the kind of load
20 leveling that you need to get $800 million, $900
21 million, $1 billion.
22 So to the extent that you want to get that
23 productivity gain I think that they do need some
24 mechanism for leveling that load across the day
25 because it's powerful to think about a situation in

1 which I can turn on a machine and run it all day long
2 versus having to run it just for a subset of the day.
3 And even with the labor flexibilities that
4 the union has I think very hard -- it's a hard thing
5 for them to do, but very seriously conceded. There's
6 still issues just with running an operation for a
7 short period of time during the day that I think they
8 could really save a lot of money by leveling that
9 load.
10 The other issue then -- and so that's one
11 big source of cost. Of the $2.5 billion, about a
12 billion is from -- roughly speaking, with the
13 additional indirects on top over a billion is for
14 productivity. The other is actually just from
15 consolidation.
16 And that issue is a little more difficult
17 because again conceptually you ask the question well,
18 how much of this consolidation could the Postal
19 Service get without changing the service standard?
20 You know, that's to me the issue that's involved, and
21 it's a question I would ask and I did ask Operations
22 people.
23 You know, their view is that because of the
24 way the network is built to handle first class mail,
25 and I'm not an expert whether it's presort or single

1 piece, but just generally the way the network has
2 traditionally evolved because it used to be first
3 class mail was the main driver of volume. That
4 network structure is in place mainly to handle first
5 class mail under the service standards.
6 They can close some plants, and they have
7 closed some plants and they've made great strides in
8 delivery, but that's not really the issue here.
9 Again, being able to restructure their operations
10 provides opportunities for substantial savings because
11 it lets them reconfigure the network more aligned to a
12 world where you have first class and standard mail.
13 Both are kind of the same size, as opposed to first
14 class being the dominant player. I know that was a
15 long answer, but --
16 COMMISSIONER TAUB: Oh, no. Very helpful.
17 I really was again looking at it from the perspective
18 of your long experience and trying to get some
19 feedback there.
20 Our next witness, Witness Neri. Are you
21 aware of the method he used to develop his
22 productivity estimates?
23 THE WITNESS: I can speak to it in general
24 terms. He'll have to speak to it in specifics. My
25 understanding was it was a combination of him looking

1 at existing peak pattern. In other words, look at how
2 much concentration there is over the 24 hour day or
3 the three tours, eight hours, cramming all that and in
4 the end seeing how much labor they had to use then
5 versus the rest of the day and then saying well, if I
6 could smooth some of that out how much of that would I
7 save?
8 In addition, his operational experience in
9 saying what kind of redundancies can I get rid of?
10 What kind of simplification can I impart because now
11 instead of sorting to 350 places I'll have to sort to
12 150 places? So my sense in talking to him, it was a
13 combination of that somewhat technical analysis and
14 actually looking at the load and his experience in
15 thinking what could be gained.
16 COMMISSIONER TAUB: Have you been asked to
17 look at this issue econometrically?
18 THE WITNESS: No, but it's an interesting
19 question. I have not, no.
20 COMMISSIONER TAUB: Could you if --
21 THE WITNESS: I think you could, yes. It
22 seems to me that of course I'm an econometrician, but
23 it seems to me that potentially you could look at some
24 kind of a measure of peak statistically.
25 In other words, he used his experience. He

1 looked at charts and that kind of stuff, but the
2 question would be -- I think Commissioner Acton asked
3 earlier -- could you model this sort of statistically
4 or econometrically.
5 You know, one always is a little cautious
6 before saying yes, I can do this because it's a really
7 hard problem, as Mr. Smith said, but conceptually,
8 yes. I think you could go about thinking about this
9 from a modeling perspective.
10 COMMISSIONER TAUB: And given, as you said,
11 the challenge of it, there's always a cost involved of
12 going down that road, obviously cost of time to
13 undertake that and money, resources. Do you have a
14 sense of the magnitude of what would be involved in
15 doing that?
16 THE WITNESS: I think it would be
17 substantial for two reasons. One, you're talking
18 about a lot of data. There's 350 or 400 postal
19 facilities. You've got three tours. You've got daily
20 data. And my experience in working with postal data
21 sets is that is a time consuming process to get that
22 clean, make sure it's sufficiently good quality so the
23 Commission can use it.
24 And then secondly, there are a number of
25 complexities in this issue about well, let's suppose

1 we're looking at barcode sort operations. So okay,
2 we'll get the data for the barcode sort operation.
3 You know, are the people always clocked in exactly
4 where they're supposed to be? How many people are
5 moving compared to what the records are actually
6 showing they've moving?
7 So I think it would be a substantial
8 exercise to do this to a level of precision that you
9 and I would be comfortable with.
10 COMMISSIONER TAUB: Yes.
11 THE WITNESS: I think it would be a
12 substantial job.
13 COMMISSIONER TAUB: I appreciate your
14 thoughts on that. The last question I had was again
15 following up on this thread from my earlier questions.
16 There was a discussion earlier. There will be an
17 update based on the AMPs that have come in. Postal
18 Service counsel had said it will be based on the 2010
19 costs to ensure there's an apples to apples
20 comparison.
21 From your perspective, given that we've got
22 the fiscal year 2011 costs, if we cranked those in as
23 the folks like yourselves do the updates to what
24 extent would you see a change there? Would it affect
25 greatly? Not much? Would it be roughly the same if

1 we used the updated?

2 THE WITNESS: My intuition is that if all we

3 did was update from FY '10 to FY '11 it really

4 wouldn't affect the order of magnitude we're talking

5 about. I don't know if it would cost instead of $2.5

6 billion it would be $2.3 or $2.7, but I don't think

7 going from FY '10 to FY '11 would cause it, for

8 example, to go down to $1.5. There's just not that

9 much difference across the fiscal years.

10 As Mr. Smith said earlier, as the Postal

11 Service goes forward and volume falls, of course, that

12 reduces your baseline because they save money by

13 handling less volume, but wages go up. And so when we

14 look at costs by activity those two things are

15 somewhat offset and so it's not clear to me that the

16 base would be dramatically different for FY '11 and FY

17 '10.

18 COMMISSIONER TAUB: Yes. Thank you very

19 much, and good to see you again.

20 CHAIRMAN GOLDWAY: Commissioner Acton?

21 COMMISSIONER ACTON: Hello, Dr. Bradley.

22 THE WITNESS: Good morning.

23 COMMISSIONER ACTON: It's nice to see you

24 again.

25 THE WITNESS: Good to see you.

1 COMMISSIONER ACTON: These inputs that
2 Witness Neri provided you for productivity. Did you
3 examine those, evaluate them prior to your use?
4 THE WITNESS: Just in the sense of thinking
5 about the pattern, where they were occurring and
6 whether the order of magnitudes were reasonable given
7 the kinds of changes that were being put into place.
8 For example, I think the biggest ones were,
9 for example, like for barcode sorting and smaller ones
10 were for manual, very small ones for manual sorting
11 and then is that consistent with this whole load
12 leveling story that they've developed to understand
13 that. My sense is that it is. It does make sense
14 relative to that, yes.
15 COMMISSIONER ACTON: Thank you.
16 CHAIRMAN GOLDWAY: And Vice Chairman
17 Langley?
18 VICE CHAIRMAN LANGLEY: Thank you very much,
19 Mr. or Dr. Bradley. I apologize.
20 Commissioner Acton just mentioned
21 productivity. Are you familiar with the Commission's
22 N2006-1 advisory opinion which discussed the Postal
23 Service's plan at that point for network
24 reorganization?
25 THE WITNESS: This is N2010?

1 VICE CHAIRMAN LANGLEY: No. '06. I'm
2 sorry.
3 THE WITNESS: 2006? Is this the --
4 VICE CHAIRMAN LANGLEY: The N.
5 THE WITNESS: The N case. Okay. Yes.
6 VICE CHAIRMAN LANGLEY: Yes, the N and the
7 discussion of productivity differences between the
8 processing facilities.
9 THE WITNESS: Yes, I think so. If you ask
10 me some questions it might help.
11 VICE CHAIRMAN LANGLEY: I'll ask you some
12 questions about it.
13 THE WITNESS: Yes.
14 VICE CHAIRMAN LANGLEY: Okay. When you
15 applied the productivity improvement estimates that
16 were provided by Witness Neri did you consider the
17 Commission's findings that smaller facilities may have
18 higher productivities than larger facilities?
19 THE WITNESS: Yes. I do remember what
20 you're referring to now in terms of the case.
21 In going about doing this cost savings there
22 is an issue as to how one thing about the transfer --
23 there's two things going on here. There's a transfer
24 of volume from one facility to the other and then
25 there's the productivity gains that are associated

1 with it.

2 In the N2010 case there was this idea that

3 if we transfer from smaller to larger that transfer

4 alone would get productivity gains because, as I

5 recall it, the Postal Service said bigger places were

6 more productivity and the Commission said no, the

7 smaller are. So when the Postal Service said well, if

8 we move from small to big we're going to gain

9 productivity, the Commission's evidence said no,

10 that's not going to occur.

11 Here I'm not making any -- to preface it, in

12 light of that I decided to say let's assume the Postal

13 Service gets no real productivity gains just from the

14 transfer of volumes, so I don't really know whether

15 the new places are bigger, smaller. We're not going

16 to say that transfer, like there was in the N case,

17 gained any kind of productivity whatsoever.

18 What we're doing here is we're saying once

19 the volume gets there then the ability to run a 12

20 hour day or six hour day would generate productivity

21 gains in those facilities. Whether it's higher or

22 lower, we don't take any claim for that. Does that

23 help?

24 VICE CHAIRMAN LANGLEY: Yes. It does make

25 sense. I'm curious though. Have you studied this

1 empirically?

2 THE WITNESS: No. You know, I think you

3 would have to go about the process of maybe going back

4 to the kind of data that was used in that N case to do

5 that kind of analysis.

6 Here it was really a matter of saying we

7 don't want to go down that road. It's a hard issue.

8 Years ago, decades ago, I did look at this issue. You

9 know, my personal view is that big places are less

10 productivity than small places on average if you look

11 at the actual data like the big plants, but if you

12 push more volume through a big place or a little place

13 you're going to gain productivity.

14 So, yes, for structural management lots of

15 reasons. You could go into a big plant. You could

16 see why their productivity might be lower. But if a

17 big plant gains volume it's going to be able to handle

18 that volume with its existing workers to a certain

19 degree just like a small plant.

20 And so here we're really talking about a

21 situation where we're not converting big to small.

22 We're not moving big to small. We're changing the way

23 they do their sorting and so --

24 VICE CHAIRMAN LANGLEY: Okay. I do see the

25 difference.

1 THE WITNESS: -- I tried to stay out of that
2 big to small controversy completely.
3 VICE CHAIRMAN LANGLEY: All right.
4 THE WITNESS: I just didn't take any credit
5 for it at all or cost.
6 VICE CHAIRMAN LANGLEY: I appreciate that.
7 I have one final short question. I unfairly burdened
8 Mr. Smith this morning.
9 THE WITNESS: Yes.
10 VICE CHAIRMAN LANGLEY: If you were here,
11 you --
12 THE WITNESS: I did. I heard I was going to
13 get a question.
14 VICE CHAIRMAN LANGLEY: You're going to get
15 a question. So on Tuesday I discussed with Mr.
16 Williams his response to the National Postal Mail
17 Handlers Union interrogatory, which he indicates that
18 the Postal Service has calculated implementation and
19 transition costs, and you I guess in this
20 interrogatory had admitted that the Postal Service
21 hadn't done that.
22 But there will be costs associated with this
23 initiative, so why didn't you include implementation
24 and transition cost?
25 THE WITNESS: That was not really part of my

1 assignment. You know, I'm not in a position really to
2 sort of -- I can make suggestions, but I didn't
3 dictate the assignment.
4 My assignment really was, as it was in the
5 six to five day case where they did do implementation
6 costs in that one.
7 VICE CHAIRMAN LANGLEY: Right.
8 THE WITNESS: In that case my assignment was
9 to look at what would the world look like after this
10 was done, and that was the assignment I got here.
11 Someone much higher up the food chain had to decide.
12 VICE CHAIRMAN LANGLEY: So you stuck with
13 the assignment.
14 THE WITNESS: Yes.
15 VICE CHAIRMAN LANGLEY: But if
16 implementation and transition costs are included what
17 would that do to the annual savings that are cited by
18 the Postal Service?
19 THE WITNESS: If I could, I think there's
20 two issues there that are worth the Commission
21 thinking about, and they often get confounded in this
22 kind of discussion.
23 One is just literally the additional
24 one-time cost from transition. So I'm thinking of
25 very practical things like if I have to move a piece

1 of mail processing equipment from one place to another
2 that's going to cost money. So that is a one-time
3 cost, which really doesn't affect the ongoing annual
4 savings, but it's an important part of the fiscal
5 health and fiscal aspects of the Postal Service. So
6 that would be one thing.
7 The other issue I think would be what I
8 would call the transitional cost savings, and that is
9 what is the path by which you get from A to B? You
10 know, in this analysis we said once we get to B this
11 is what we guess or we estimate the cost savings will
12 be, but I think another issue is well, is that going
13 to happen over a year? Five years? What's the path
14 by which you get from zero today to $2.5 billion in a
15 future year?
16 Did I answer your question? Those are the
17 two issues that I see.
18 VICE CHAIRMAN LANGLEY: You did. You
19 answered the question, and I do understand it.
20 THE WITNESS: So I think the way the
21 transitional costs specifically I think really
22 wouldn't reflect the annualized savings because it's a
23 one-timer, but it's an important piece of information
24 in looking at the whole process.
25 VICE CHAIRMAN LANGLEY: Okay. Well, I

1 appreciate that because right now we have this static
2 cost of $2.1 billion, and yet we can see that as the
3 Postal Service continues to look at the comments that
4 are coming forward in its rulemaking that there are
5 moving parts, so things are changing.
6 THE WITNESS: Sure.
7 VICE CHAIRMAN LANGLEY: But I appreciate
8 your enlightening us today. Thank you.
9 CHAIRMAN GOLDWAY: Dr. Bradley, what is the
10 process for you to get this contract with the Postal
11 Service? Who hires you? From which department?
12 THE WITNESS: I do my work through Cost
13 Attribution I believe it's called. Cost Attribution
14 Department.
15 CHAIRMAN GOLDWAY: So there's a person who
16 works with you?
17 THE WITNESS: Who is my supervisor?
18 CHAIRMAN GOLDWAY: Yes.
19 THE WITNESS: Am I allowed to say this? I
20 don't want to violate any postal rules. Okay. I just
21 didn't want to get in trouble. Virginia Mayes I would
22 say is my main supervisor. She supervises this work.
23 CHAIRMAN GOLDWAY: Okay.
24 THE WITNESS: It was Jeff Colon before he
25 left.

1 CHAIRMAN GOLDWAY: You said you sometimes
2 give advice, but other times just do what you're
3 asked. When you were given the scope of work, did you
4 make suggestions as to how to change it or adjust it
5 at all?
6 THE WITNESS: Well, I guess sometimes --
7 here's what I was trying to get at. Sometimes the
8 Postal Service will have sort of a question. They'll
9 say how do we go about analyzing this question? We
10 want to know the answer to blank.
11 In that case I start with a blank slate and
12 say okay, here's how I would suggest you go about
13 doing that. Sometimes they do it. Sometimes they do
14 other things. Other times the Postal Service knows
15 what they want and they come and say we'd like you to
16 help us estimate X.
17 So in this particular instance they came to
18 me and said you did work on the five day case
19 estimating the full up cost. Would you be willing to
20 do similar work here for a different kind of case?
21 CHAIRMAN GOLDWAY: And it was the full up
22 cost --
23 THE WITNESS: The full up cost.
24 CHAIRMAN GOLDWAY: -- that you were asked to
25 do?

1 THE WITNESS: We never -- I'm sorry.

2 CHAIRMAN GOLDWAY: When you looked at the

3 inputs, you never said it would be better if I had a

4 different input, or the data is somewhere else? You

5 just sort of accept what's there to go through the

6 process that you had done in six to five?

7 THE WITNESS: Well, I don't think I'm quite

8 that passive. I think as in six to five both Witness

9 Smith -- I'll indict him with me. He and I together

10 would sit down and say these are the kinds of inputs

11 that we have to have in order to do a reasonable cost

12 calculation, and in our view they have to be well

13 developed. They have to be defensible. They have to

14 be reasonable.

15 I understand the comment counsel made

16 earlier about he had an elegant way of saying

17 biodegradable mass in, biodegradable mass out, and I

18 certainly don't want to be just that conduit. I mean,

19 I don't want my role here to be that limited. I think

20 it is important to have -- and people can disagree

21 about the inputs, but they should be reasonable. They

22 should be defensible. They should be thoughtful.

23 So I would require that. I wouldn't just

24 say okay, you give me anything and I'm just going to

25 go out in public and say this is okay by any means.

1 CHAIRMAN GOLDWAY: We've had some discussion
2 today about some of the initiatives that the Postal
3 Service is taking to save money and to what extent
4 those changes should or should not have been included
5 in the estimates for productivity or for cost savings.
6 Yesterday we had a really interesting
7 discussion about what appears to be the cumulative
8 impact on revenue when you combine things that are
9 still proposed by the Postal Service, but not yet
10 implemented -- six to five day, closing 50 percent of
11 your retail network, et cetera.
12 Do you think a similar exercise would be
13 useful here to really determine what the cumulative
14 impact is of savings of those different initiatives?
15 THE WITNESS: I have two thoughts on that
16 matter I'd like to share you with. One is I certainly
17 understand from an important decision maker's
18 position, your position, wanting to have sort of just
19 give me the one number of all these things together
20 because that helps me to sort it all out.
21 From my perspective, whenever you try to do
22 two or three complicated analyses together it becomes
23 very difficult to understand what that final number
24 really means, and all the complexity that we've talked
25 about in this case just doing this one thing gets

1 magnified because there are what we call
2 nonlinearities between doing this and doing the five
3 day, doing them all at once.
4 So I think from a decision making process
5 there is some -- although it's somewhat disappointing,
6 there is some advantages from the clarity of saying
7 okay, we're just going to do one thing at a time and
8 say okay, Commission, our best estimate of these
9 savings, of this initiative, is $2.1 billion and then
10 another initiative might be let's say $3 billion.
11 Obviously they're not additive because they
12 do interact in the real world when they go forward,
13 but it may be better in some sense for people to use
14 their judgment about how additive they are than to
15 actually try to go out and do all those things in one
16 big model. That's a very challenging thing to do
17 accurately.
18 Sure, you can do it, but just think about
19 the complexity of the five day case itself, the
20 complexity of this case itself and whatever
21 initiatives there are and then try to put all those
22 together in one.
23 CHAIRMAN GOLDWAY: Well, but the Postal
24 Service is presenting them as additive. They're
25 saying this, this, this adds up to $20 billion. So we

1 have to figure all that out.

2 THE WITNESS: Yes. I understand that. I

3 appreciate that too.

4 CHAIRMAN GOLDWAY: And I appreciate your

5 considered point of view on it. I think it's very

6 helpful for us.

7 Any other questions that anyone would have?

8 MR. ANDERSON: Madam Chairman?

9 CHAIRMAN GOLDWAY: My staff wants me to ask

10 about the Monday peak, but I'm not quite sure what you

11 mean by that. Is that all right? We may have one

12 more question here.

13 THE WITNESS: Okay.

14 MR. ANDERSON: Madam Chairman? Darryl

15 Anderson for the American Postal Workers Union.

16 Because the Commission expressed what I took

17 to be serious interest in the possibility of redoing

18 these costs in terms of 2011 costs, I need to state

19 for the record I think, and it's subject to check, but

20 it won't be disputed, that the wages for the American

21 Postal Workers Union bargaining unit have not

22 increased since November 2009.

23 The negotiations for the 2010 contract took

24 place against an expiration date of November 2010.

25 There was no wage increase. There has been no wage

1 increase under that contract, not a COLA and not a
2 general wage increase, so the American Postal Workers
3 Union bargaining unit wages have been frozen since
4 November 2009, just for the record.
5 COMMISSIONER TAUB: Just for clarity on
6 that, it's my understanding that's being banked.
7 MR. ANDERSON: Pardon me?
8 COMMISSIONER TAUB: It's being banked.
9 Right now it's rolled to 2013, the idea being that --
10 MR. ANDERSON: There will be a COLA, yes.
11 COMMISSIONER TAUB: So they're not being
12 paid out, but they are being accounted for by the
13 Postal Service.
14 MALE VOICE: We missed two years of COLAs.
15 The COLAs that are approved during 2012 will be paid
16 in 2013.
17 MR. ANDERSON: Yes. Two years of COLAs were
18 forgone. The COLAs that are accumulating in 2012 will
19 be paid as part of the 2013 COLA increase. That's
20 correct.
21 CHAIRMAN GOLDWAY: So there is no COLA for
22 2011 in fact that is --
23 MR. ANDERSON: Correct. I thought the most
24 pertinent point was that the wages in fact during that
25 -- if you want to take a snapshot, the snapshot in

1 2011 will not include any increased wage for the APWU.

2 CHAIRMAN GOLDWAY: Thank you. I think we're

3 okay on the questions here from the bench then.

4 Counsel, for the Postal Service, would you

5 like to break for redirect?

6 MR. FOUCHEAUX: I anticipate little or no

7 redirect, but I would like a couple of seconds to

8 check with my witness first.

9 CHAIRMAN GOLDWAY: All right. Well, let's

10 just stay here.

11 MR. FOUCHEAUX: Okay.

12 CHAIRMAN GOLDWAY: And you exit the door and

13 consult so that we possibly can break early for lunch.

14 Break for lunch now. Not early.

15 (Discussion held off the record.)

16 MR. FOUCHEAUX: Madam Chairman, I'm happy to

17 report that we have no redirect.

18 CHAIRMAN GOLDWAY: Well, that's very nice

19 for all of us who feel hungry for lunch.

20 Dr. Bradley, this concludes your testimony

21 here today. We appreciate your contribution to the

22 record, and we always enjoy the frank conversations we

23 have with you when you come in front of us this way.

24 I'm sure we will have more of them in the future. So

25 with that, enjoy your weekend. Thank you for your

1 participation.

2 THE WITNESS: Thank you very much.

3 (Witness excused.)

4 CHAIRMAN GOLDWAY: We will now break until

5 1:30. Too long? Oh, no. I mean 2:30. 2:30? 2:15.

6 Okay. We'll come back at 2:15, and hopefully we'll

7 end sooner than I thought today.

8 (Whereupon, at 1:09 p.m., the hearing in the

9 above-entitled matter was recessed, to reconvene at

10 2:15 p.m. this same day, Friday, March 23, 2012.)

11 //

12 //

13 //

14 //

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 //

25 //

1 A F T E R N O O N S E S S I O N

2 (2:17 p.m.)

3 CHAIRMAN GOLDWAY: Good afternoon, ladies

4 and gentlemen. We're resuming the final day of our

5 hearings and we have our last witness who is here with

6 us. We'll proceed with the testimony of Witness Neri.

7 Mr. Mecone, do you want to introduce your witness?

8 MR. MECONE: The Postal Service calls Frank

9 Neri to the stand.

10 Whereupon,

11 FRANK NERI

12 having been duly sworn, was called as a

13 witness and was examined and testified as follows:

14 DIRECT EXAMINATION

15 BY MR. MECONE:

16 Q Witness Neri, can you please state your name

17 and position for the record?

18 A Frank Neri, Manager of Processing

19 Operations, United States Postal Service.

20 Q Earlier I handed you two copies of a

21 document entitled --

22 A The mic was off. I'm sorry.

23 CHAIRMAN GOLDWAY: Repeat your name, please.

24 THE WITNESS: Frank Neri, Manager of

25 Processing Operations, United States Postal Service.

1 (The document referred to was
2 marked for identification as
3 Exhibit No. USPS-T-4.)
4 MR. MECONE: Earlier I handed you two copies
5 of a document entitled "Direct Testimony of Frank Neri
6 on Behalf of the United States Postal Service" marked
7 as USPS-T-4.
8 We should give those copies to the reporter?
9 Okay.
10 BY MR. MECONE:
11 Q Did you have a chance to examine those two
12 documents?
13 A Yes.
14 Q Was the testimony prepared by you or under
15 your direction?
16 A Yes.
17 Q Do you have any corrections or changes to
18 make to that testimony?
19 A No.
20 Q Okay. If you were to testify orally today,
21 would your testimony be the same as the content in
22 those documents?
23 A Yes.
24 MR. MECONE: The Postal Service requests
25 that the direct testimony of Frank Neri on behalf of

1 the United States Postal Service be admitted into the
2 record.
3 CHAIRMAN GOLDWAY: Is there any objection?
4 (No response.)
5 CHAIRMAN GOLDWAY: Hearing none, I will
6 direct counsel to provide the reporter with two copies
7 of the corrected testimony of Frank Neri. That
8 testimony is received into evidence. However,
9 consistent with Commission practice, it will not be
10 transcribed.
11 (The document referred to,
12 previously identified as
13 Exhibit No. USPS-T-4, was
14 received in evidence.)
15 CHAIRMAN GOLDWAY: Counsel, can you identify
16 the library references that have been filed by Witness
17 Neri in this docket?
18 MR. MECONE: Yes. There is one library
19 reference associated with Witness Neri's testimony,
20 USPS-LR-N2012-1-10.
21 BY MR. MECONE:
22 Q Are you familiar with USPS Library Reference
23 USPS-LR-N2012-1-10?
24 A Yes.
25 Q Was this library reference prepared by you

1 or under your supervision?

2 A Yes.

3 MR. MECONE: The Postal Service requests

4 that Library Reference USPS-LR-N2012-1-10 be received

5 as evidence at this time.

6 CHAIRMAN GOLDWAY: Any objections?

7 (No response.)

8 CHAIRMAN GOLDWAY: Hearing none, it will be

9 received. And next we will receive written cross-

10 examination. Mr. Neri, have you had an opportunity to

11 examine the packet of designated written cross-

12 examination that was made available to you in the

13 hearing room today?

14 THE WITNESS: Yes.

15 CHAIRMAN GOLDWAY: Are there any corrections

16 or additions that need to be made?

17 THE WITNESS: There were some pages replaced

18 that were incorrect or had been revised and filed

19 earlier.

20 CHAIRMAN GOLDWAY: Earlier this week?

21 MR. MECONE: James Mecone for the Postal

22 Service. We had to make a few changes to the packets

23 that were provided this morning. There are three

24 different types of changes. We replaced some pages

25 with the more recent, revised pages. Most of those

1 revisions occurred this week, earlier this week. We
2 added some responses that were omitted from the
3 packets received this morning, and I think we replaced
4 some other responses that, for whatever reason, they
5 were not the response that was supposed to be in the
6 order of the packet.
7 CHAIRMAN GOLDWAY: Have you been able to
8 share those changes with the participants here today?
9 It sounds like more significant changes than just a
10 few minor corrections that we've had in the past.
11 MR. MECONE: All the copies in that packet
12 are on the website. They were filed. The only
13 changes were made to the actual packet that was
14 provided this morning.
15 CHAIRMAN GOLDWAY: Okay. Excellent. Then
16 everything seems to be in order. Mr. Neri, if the
17 questions contained in that packet were posed to you
18 orally today, would your answers be the same as those
19 you previously provided in writing?
20 THE WITNESS: Yes.
21 CHAIRMAN GOLDWAY: Then, if everything is in
22 order, counsel, would you please provide two copies of
23 the corrected designated written cross-examination of
24 Witness Neri to the reporter. The material is
25 received into evidence and it is to be transcribed.

1 (The document referred to was
2 marked for identification as
3 Exhibit No. USPS-T-4 and was
4 received in evidence.)
5 //
6 //
7 //
8 //
9 //
10 //
11 //
12 //
13 //
14 //
15 //
16 //
17 //
18 //
19 //
20 //
21 //
22 //
23 //
24 //
25 //

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Mail Processing Network Rationalization Service Changes, 2012

Docket No. N2012-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS FRANK NERI
(USPS-T-4)

Party	Interrogatories
American Postal Workers Union, AFL-CIO	APWU/USPS-T4-2-3, 16-17, 22-23, 26-27, 30 DFC/USPS-T4-5-6 GCA/USPS-T4-2 NAPM/USPS-T4-3 NPMHU/USPS-T4-1, 6, 9-11, 13, 17, 20-22 PRC/USPS-T4-POIR No.1 - Q7 PRC/USPS-T4-POIR No.5 - Q9 PRC/USPS-T4-POIR No.5 - Q10 PRC/USPS-T4-POIR No.5 - Q11
Greeting Card Association	GCA/USPS-T4-1, 6, 9-10, 14-15, 17-18, 20, 24
National Newspaper Association	NNA/USPS-T4-1-4, 5a, 5b, 5d, 5e
National Postal Mail Handlers Union	APWU/USPS-T4-2, 22, 28-29 APWU/USPS-T5-6a, 6c, 6d redirected to T4 GCA/USPS-T4-21, 24 NPMHU/USPS-T4-1, 10, 16-18, 20 PR/USPS-T4-1, 3-4 PRC/USPS-T4-POIR No.1 - Q7
National Postal Policy Council, Inc.	APWU/USPS-T4-2, 7 NAPM/USPS-T4-1
Postal Regulatory Commission	GCA/USPS-T4-4, 7-8, 12, 16, 22 PRC/USPS-T4-POIR No.1 - Q7 PRC/USPS-T4-POIR No.1 - Q8 PRC/USPS-T4-POIR No.5 - Q9 PRC/USPS-T4-POIR No.5 - Q10 PRC/USPS-T4-POIR No.5 - Q11 PRC/USPS-T7-POIR No.1 - Q15L redirected to T4

Party	Interrogatories
Public Representative	APWU/USPS-T4-8, 13, 16-17, 20a, 20c, 20e, 21, 22, 26-27, 30 DFC/USPS-T4-6 GCA/USPS-T4-1-2, 7-8, 10, 14, 16 NAPM/USPS-T4-7 NNA/USPS-T4-2 NPMHU/USPS-T4-10, 17-18, 20 PR/USPS-T4-1, 3-4, 6-8, 10, 12-14 TI/USPS-T4-4

Respectfully submitted,

Shoshana M. Grove
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS FRANK NERI (T-4)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory	Designating Parties
APWU/USPS-T4-2	APWU, NPMHU, NPPC
APWU/USPS-T4-3	APWU
APWU/USPS-T4-7	NPPC
APWU/USPS-T4-8	PR
APWU/USPS-T4-13	PR
APWU/USPS-T4-16	APWU, PR
APWU/USPS-T4-17	APWU, PR
APWU/USPS-T4-20a	PR
APWU/USPS-T4-20c	PR
APWU/USPS-T4-20e	PR
APWU/USPS-T4-21	PR
APWU/USPS-T4-22	APWU, NPMHU, PR
APWU/USPS-T4-23	APWU
APWU/USPS-T4-26	APWU, PR
APWU/USPS-T4-27	APWU, PR
APWU/USPS-T4-28	NPMHU
APWU/USPS-T4-29	NPMHU
APWU/USPS-T4-30	APWU, PR
APWU/USPS-T5-6a redirected to T4	NPMHU
APWU/USPS-T5-6c redirected to T4	NPMHU
APWU/USPS-T5-6d redirected to T4	NPMHU
DFC/USPS-T4-5	APWU
DFC/USPS-T4-6	APWU, PR
GCA/USPS-T4-1	GCA, PR
GCA/USPS-T4-2	APWU, PR
GCA/USPS-T4-4	PRC
GCA/USPS-T4-6	GCA
GCA/USPS-T4-7	PR, PRC
GCA/USPS-T4-8	PR, PRC
GCA/USPS-T4-9	GCA
GCA/USPS-T4-10	GCA, PR
GCA/USPS-T4-12	PRC
GCA/USPS-T4-14	GCA, PR
GCA/USPS-T4-15	GCA
GCA/USPS-T4-16	PR, PRC
GCA/USPS-T4-17	GCA

Interrogatory	Designating Parties
GCA/USPS-T4-18	GCA
GCA/USPS-T4-20	GCA
GCA/USPS-T4-21	NPMHU
GCA/USPS-T4-22	PRC
GCA/USPS-T4-24	GCA, NPMHU
NAPM/USPS-T4-1	NPPC
NAPM/USPS-T4-3	APWU
NAPM/USPS-T4-7	PR
NNA/USPS-T4-1	NNA
NNA/USPS-T4-2	NNA, PR
NNA/USPS-T4-3	NNA
NNA/USPS-T4-4	NNA
NNA/USPS-T4-5a	NNA
NNA/USPS-T4-5b	NNA
NNA/USPS-T4-5d	NNA
NNA/USPS-T4-5e	NNA
NPMHU/USPS-T4-1	APWU, NPMHU
NPMHU/USPS-T4-6	APWU
NPMHU/USPS-T4-9	APWU
NPMHU/USPS-T4-10	APWU, NPMHU, PR
NPMHU/USPS-T4-11	APWU
NPMHU/USPS-T4-13	APWU
NPMHU/USPS-T4-16	NPMHU
NPMHU/USPS-T4-17	APWU, NPMHU, PR
NPMHU/USPS-T4-18	NPMHU, PR
NPMHU/USPS-T4-20	APWU, NPMHU, PR
NPMHU/USPS-T4-21	APWU
NPMHU/USPS-T4-22	APWU
PR/USPS-T4-1	NPMHU, PR
PR/USPS-T4-3	NPMHU, PR
PR/USPS-T4-4	NPMHU, PR
PR/USPS-T4-6	PR
PR/USPS-T4-7	PR
PR/USPS-T4-8	PR
PR/USPS-T4-10	PR
PR/USPS-T4-12	PR

Interrogatory	Designating Parties
PR/USPS-T4-13	PR
PR/USPS-T4-14	PR
PRC/USPS-T4-POIR No.1 - Q7	APWU, NPMHU, PRC
PRC/USPS-T4-POIR No.1 - Q8	PRC
PRC/USPS-T4-POIR No.5 - Q9	APWU, PRC
PRC/USPS-T4-POIR No.5 - Q10	APWU, PRC
PRC/USPS-T4-POIR No.5 - Q11	APWU, PRC
PRC/USPS-T7-POIR No.1 - Q15l redirected to T4	PRC
TI/USPS-T4-4	PR

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-2 On page 16 of your testimony you state that the proposed network and relaxed expectations of overnight service would "narrow the 2-day delivery range and enlarge the 3-day delivery range, which is anticipated to generate significant improvement in operating efficiency." Since the measure of customer expectations is keyed to actual mail delivery rather than service standard day ranges please provide the following information.

a) What percentage of First Class mail is actually delivered in one day now?

b) What percentage of First Class mail is actually delivered in two days now?

c) What percentage of First Class mail is actually delivered in three days now?

d) What percentage of First Class mail would be expected to actually be delivered in two days under the proposed plan?

e) What percentage of First Class mail would be expected to actually be delivered in three days under the proposed plan?

f) What percentage of Periodical mail is actually delivered in one day now?

g) What percentage of Periodical mail is actually delivered in two days now?

h) What percentage of Periodical mail is actually delivered in three days now?

RESPONSE:

(a) In the fourth quarter of Fiscal Year 2011, 44.9 percent of all First-Class Mail is estimated to have been delivered in 1 delivery day.

(b) In the fourth quarter of Fiscal Year 2011, 33.4 percent of all First-Class Mail is estimated to have been delivered in 2 delivery days.

(c) In the fourth quarter of Fiscal Year 2011, 18.6 percent of all First-Class Mail is estimated to have been delivered in 3 delivery days.

(d-e) Please see the Postal Service response to DBP/USPS-2[b].

(f) Based on data regarding Periodicals Mail with Full-Service Intelligent Mail barcodes, 26.6 percent of Periodicals Mail is estimated to have been delivered in 1 delivery day in the fourth quarter of Fiscal Year 2011.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

RESPONSE to APWU/USPS-T4-2 continued:

(g) Based on data regarding Periodicals Mail with Full-Service Intelligent Mail barcodes, 32.6 percent of Periodicals Mail is estimated to have been delivered in 2 delivery days in the fourth quarter of Fiscal Year 2011.

(h) Based on data regarding Periodicals Mail with Full-Service Intelligent Mail barcodes, 17.3 percent of Periodicals Mail is estimated to have been delivered in 3 delivery days in the fourth quarter of Fiscal Year 2011.

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

APWU/USPS-T4-2 On page 16 of your testimony you state that the proposed network and relaxed expectations of overnight service would "narrow the 2-day delivery range and enlarge the 3-day delivery range, which is anticipated to generate significant improvement in operating efficiency." Since the measure of customer expectations is keyed to actual mail delivery rather than service standard day ranges please provide the following information.

i) What percentage of Periodical mail would be expected to actually be delivered in two days under the proposed plan?

j) What percentage of Periodical mail would be expected to actually be delivered in three days under the proposed plan?

RESPONSE:

(i-j) The Postal Service has determined that its current data on commercial mail are not sufficiently detailed to provide the information requested by this interrogatory. This is because the current overnight mail which could stay overnight is currently prepared in presorted bundles that are intra-SCF and would also contain mail moving to two-day. Also, there are no data sources beyond Full Service IMb Periodicals mailers that could be used to develop an appropriate class or product-wide representative O/D pair flow. Full Service IMb data are generated predominantly by larger volume mailers, rather than the Within County mailers and smaller mailers sending the publications end-to-end.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-3 What impact would the proposed plan have on the actual delivery profile of Priority Mail compared to its actual delivery profile now?

RESPONSE:

The impact will depend upon the results of the individual AMP studies.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-7 On page 16 of your testimony you state "presorted First-Class Mail for a mail processing facility's service area, entered by commercial mailers at co-located BMEU facilities (that is, BMEUs located at mail processing facilities) which meet the CAT at the co-located BMEU and the CET at the mail processing facility would be processed for the next day's delivery."

a) Would this mail need to be presorted to the 5-digit level for the facility's service area to qualify?

b) What percentage of current presorted First-Class Mail do you estimate would qualify for this treatment?

c) What percentage of current commercial customers of presorted First Class mail do you estimate would be able to meet these requirements?

RESPONSE:

(a) Please see the Postal Service response to DBP/USPS-9[a].

(b-c) Please see the Postal Service response to DBP/USPS-2[b].

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS NERI

APWU/USPS-T4-7 On page 16 of your testimony you state "presorted First-Class Mail for a mail processing facility's service area, entered by commercial mailers at co-located BMEU facilities (that is, BMEUs located at mail processing facilities) which meet the CAT at the co-located BMEU and the CET at the mail processing facility would be processed for the next day's delivery."

d) Is this exception to the normal delivery standards applicable to only certain customers' First Class mail consistent with Title 39 §403 (c)?

RESPONSE:

The Postal Service believes that the content of the request and supporting testimony that it filed in PRC Docket No. N2012-1 is consistent with 39 U.S.C. § 403(c).

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

APWU/USPS-T4-8 On page 18 of your testimony you state that this "environment would also impact flat-sized mail sortation as depicted in the table below." Does this table indicate what proportion of mail would need to be finalized using a second pass? If not, please provide an explanation of this table.

RESPONSE:

Please see USPS Library Reference USPS-LR-N2012-1/38.

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

APWU/USPS-T4-13 Manual operations only show a 3 percent productivity improvement. To what extent are manual operations driven by mail pieces that must meet their service standard but have missed their processing window?

RESPONSE:

The relationship between manual operations and mail piece processing windows was not analyzed as part of the assessment of the 3 percent productivity improvement. Please see the response to Presiding Officer's Information Request No. 1, Question 7 for a description of the productivity improvement estimates.

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

APWU/USPS-T4-16 At page 28 of your testimony, you state that the Network Rationalization's plan to reduce the mail processing network "to less than 200 sorting facilities allows for the elimination of AADC and ADC sortation. At origin, mail would be sorted directly to the destinating facility, reducing the number of handling units generated, increasing the density of mail in each handling unit, and reducing the number of handlings each unit must receive."
Your response to TI/USPS-T4-2(b) (filed January 5, 2012) states, however, that: The Postal Service is still analyzing the role of an ADC sort in the proposed network. Based on the reduction of facilities proposed, there are a significant number of 3-digit ZIP Codes associated with each facility. In some locations, it may be necessary to create scheme separations due to the amount of primary sorting required, which may necessitate the creation of multiple SCF designations within a given facility, along with an ADC role for the overall facility for the volume that cannot be made up to a certain depth.

a) Please confirm that the statement quoted from page 28 of your testimony refers only to letter-shape mail; and that the "elimination of AADC and ADC sortation" therefore applies only to AADC and ADC sortation of letter-shape mail.
b) Please confirm that your response to TI/USPS-T4-2(b) that the "Postal Service is still analyzing the role of an ADC sort in the proposed network" does not apply to letter-shape mail, and applies only to Periodicals and other flat-shaped mail.
c) If your answers to both a) and b) above are other than an unqualified "confirmed," please explain the apparent contradiction between your testimony's statement that the new network will "eliminate AADC and ADC sortation," and your interrogatory response that the Postal Service is "still analyzing the role of an ADC sort in the proposed network."

RESPONSE:

a) Confirmed.

b) Confirmed.

c) Not Applicable.

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

APWU/USPS-T4-17 At page 17 of your testimony, you state:
The proposed operating plan would allow for both the expansion of outgoing operations and service to a larger geographic area. The expanded operating window would take advantage of the economies of scale to "pack" the mail processing equipment. This would result in better equipment utilization and better use of the mail transportation equipment (MTE) and truck capacities.
a) Please explain the concept of economies of scale as applied in this answer. Please include in your explanation your view as to whether "taking advantage" of economies of scale equates to benefiting from economies of scale in order to achieve increases in workload per workhour productivity.
b) Do you believe that opportunities for taking advantage of economies of scale in processing operations are limited strictly to the aforementioned "packing of mail processing equipment" in response to expanding operating windows? If you do not believe this is the case, please identify what opportunities exist to benefit from economies of scale other than through increased equipment utilization attributable to expanding operating windows.

RESPONSE:

a) For purposes of this subpart, the term "economies of scale" refers to the ability to sustain efficient performance as a result of increased workload. The reference to "taking advantage" of economies of scale includes consideration of the potential benefits gained through increases in workload per work hour productivity.

b) In addition to increased equipment utilization attributable to expanding operating windows, there are other opportunities for benefits from economies of scale. One example is allied operations, which include truck loading and material handling activities such as moving mail between operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-20 Page 16, Line 20 of your testimony states that "these changes in service standards for FCM would apply to FCM letters, flats and parcels."
a) Please confirm that FCM parcels will be affected in the same way as FCM letter[s] as a result of these changes.
b) If you cannot confirm, please explain any differences in the way F[]C[M] parcels will be affected.
c) What percentage of FCM parcels will see a change (reduction) in service standards, at each commitment level of overnight/1-day, 2-day and 3-day?

***

e) What percentages of customers are expected to be affected by the service standard changes in each category of customer including National Accounts, Preferred Accounts, Small Business, and Consumer?

RESPONSE:

a) Please see the response to APWU/USPS-T1-29.

b) Not Applicable.

c) Please see the response to Presiding Officer's Information Request No. 1, Question 1(b).

***

e) The Postal Service expects that a change in service standards could affect every customer, depending on where each customer enters mail, and the destination of that mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-21 How are FCM parcels processed in network plants and facilities?
a) How many facilities have automated parcel sorting equipment?
b) Do all mail processing facilities handle FCM parcels?
c) Do facilities with parcel sorting equipment NOW co-process other sub-categories of parcel products, such as Standard Mail parcels, Package Mail and Priority mail, with FCM parcels on the same equipment, in the same shifts? Will this change if the service standards for FCM change?
d) Are FCM parcels co-processed with FCM letters in a more general fashion, such as co-processing on the same shift, with the same CET times, etc?
e) With the planned relaxation of service standards for FCM parcels, what will be the changes in any of these co-processing modes relative to other sub-categories of parcels in market-dominant and competitive classes?

RESPONSE:

Please see the responses to the subparts below.

a) For purposes of this subpart, the Postal Service defines "automated parcel sorting equipment" to include the Automated Package Processing System, Small Parcel and Bundle Sorters, and Automated Parcel and Bundle Sorters. As of February 2012, there were 186 facilities that contain this equipment.

b) All mail processing facilities perform distribution on First-Class Mail parcels as part of incoming distribution operations, but not as part of outgoing distribution operations. This response excludes Network Distribution Centers, Logistics and Distribution Centers, and Delivery Distribution Centers, and considers annexes to be an extension of the main facility.

c) Yes. The processing methods described in this subpart are based on distribution and delivery requirements. If there is a change to service standards for First-Class Mail, a change to the processing methods described in this subpart is possible, but only to the extent that the distribution and/or the delivery requirements are no longer compatible.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

RESPONSE to APWU/USPS-T4-21 (continued):

d) Yes.

e) There are no planned, systemic changes. However, local facilities are not precluded from making adjustments to these "co-processing modes" based on local conditions.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-22 In your response to POIR 1 Q7 on your productivity calculations, you stated "Because the Postal Service must staff for an eight-hour tour, I found which hour of each tour required the most staffing and then compared the values for the needed complement busiest hour with the complement needed for the other hours of the tours."
a) Does your methodology assume that every person working during the peak load period of a particular tour is working for eight hours? If so, on what is that assumption based?
b) Suppose 20-30 percent of the mail processing employees were working for periods shorter than eight hours; would that change your underlying assumption? If so, how much would your productivity estimates change?
c) Does you methodology account for scheduling tools that set start times to result in higher staffing during peak hour by overlapping shifts?

RESPONSE:

a) Yes. This assumption was utilized as a starting point for the analysis. As described in Presiding Officer's Information Request No. 1, Question 7, I recognized that there are components which would not allow us to reach the full opportunity this analysis suggested, which was 28 percent, and thus I utilized 15 percent.

b) Yes. The scenario described in this subpart would require a more complex analysis performed at a site-by-site level. Based on this level of analysis, we would anticipate the potential for an expected improvement greater than 28 percent.

c) No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-23 In your response to APWU/USPS-T4-2 (i-j) you state that there are no data sources that could be used to develop an appropriate class or product-wide representative O/D pair flow by delivery time period for periodicals, especially Within County and smaller periodicals mailers. What information is the Postal Service using to estimate the impact of the proposed changes on this group of mailers?

RESPONSE:

In both its Advanced Notice of Proposed Rulemaking and its Proposed Rule, the Postal Service requested comments from mailers. The Postal Service is relying on mailers and individuals to share concerns with the proposal, and the Postal Service will consider these concerns as it develops the final rule.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-26 In your response to TI/USPS-T4-1 you indicate that as many as 10 FSS machines might be moved. Has the completion of the AMPs clarified how many of the FSS machines will be moved if the full set of approved AMPs are implemented?

RESPONSE:

Because the AMP review process is not complete, and some AMPs are still under review and evaluation, I cannot provide an accurate assessment regarding the relocation of FSS machines in the Postal Service network that would occur if the changes proposed in this docket are implemented. But based on the AMP study results available at this time, the Postal Service anticipates that it will move FSS machines from the following sites approved for consolidation: Fox Valley (2), Herb Peck Annex (2), Stamford CT (1), Van Nuys FSS Annex (3), and NW Boston (3). This information is different than the original list of 10 FSS machines due to the change in studies that occurred during the review process.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-27 There is no outgoing secondary sortation in your proposed operating plan (p. 22), is that because of longer operational windows or because there are fewer nodes in the network? If it is the latter, were the number of AMPs that were approved dependent on reducing the number of nodes to make that possible?

RESPONSE:

Longer operational windows and the reduced number of nodes in the network both contributed to the absence of secondary sortation in the proposed operating plan. To the extent that there are fewer nodes in the network, after the AMP evaluation process is complete, there will remain approximately 148 sites that process destinating primary letters. In this proposed network, there will be no need for outgoing secondary processing.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-28 Please describe the Postal Service's mail processing and transportation flows from origin entry, including retail where appropriate, to destination delivery unit for the following parcel mail products:
a) First Class Lightweight Parcels
b) Standard Mail Commercial Parcels
c) Standard Mail Not Flat-Machinables
d) Single Piece Parcel Post
e) BPM Parcels
f) Media and Library Mail Parcels

RESPONSE:

a) First Class Lightweight Parcels

1. Entry through retail or collection
2. Transport to the host mail processing facility
3. Sort to appropriate Area Distribution Center (ADC), 3-digit, or 5 digit separation
4. Transport according to destination (ADC)
5. Destinating ADC sorts to appropriate 3-digit or 5-digit
6. Transport to Associate Office or Delivery Unit

b) Standard Mail Commercial Parcels

1. Entry through retail, Network Distribution Center drop shipment, Plant drop shipment, or destination entry
2. Retail will separate and transport to host mail processing facility
3. Processing will separate or transfer and transport to host Network Distribution Center
4. Network Distribution Center (NDC) will sort according to NDC Tier requirements
5. Transport according to destination Network Distribution Center
6. Destinating Network Distribution Center sorts to appropriate 3-digit or 5-digit
7. Transport to appropriate processing facility
8. Sort, Separate or transfer to Associate Office or Delivery Unit

c) Standard Mail Not Flat-Machinables

1. Entry through retail, Network Distribution Center drop shipment, Plant drop shipment, or destination entry.
2. Retail will separate and transport to host mail processing facility
3. Processing will transfer and transport to host Network Distribution Center
4. Network Distribution Center (NDC) will sort according to NDC Tier requirements
5. Transport according to destination Network Distribution Center
6. Destinating Network Distribution Center sorts to appropriate 3-digit or 5-digit
7. Transport to appropriate processing facility

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

RESPONSE to APWU/USPS-T4-28 (continued):

8. Sort, separate or transfer to Associate Office or Delivery Unit

d) Single Piece Parcel Post

1. Entry through retail operation.
2. Retail will separate and transport to host mail processing facility
3. Processing will transfer and transport to host Network Distribution Center
4. Network Distribution Center (NDC) will sort according to NDC Tier requirements
5. Transport according to destination Network Distribution Center
6. Destinating Network Distribution Center sorts to appropriate 3-digit or 5-digit
7. Transport to appropriate processing facility
8. Sort, separate or transfer to Associate Office or Delivery Unit

e) Bound Printed Matter Parcels

1. Entry through retail, Network Distribution Center drop shipments, plant drop shipment, or destination entry.
2. Retail will separate and transport to host mail processing facility
3. Processing will transfer and transport to host Network Distribution Center
4. Network Distribution Center (NDC) will sort according to NDC Tier requirements
5. Transport according to destination Network Distribution Center
6. Destinating Network Distribution Center sorts to appropriate 3-digit or 5-digit
7. Transport to appropriate processing facility
8. Sort, Separate or transfer to Associate Office or Delivery Unit

f) Media and Library Mail Parcels

1. Entry through retail, Network Distribution Center drop shipment, plant drop shipment, or destination entry.
2. Retail will separate and transport to host mail processing facility
3. Processing will transfer and transport to host Network Distribution Center
4. Network Distribution Center (NDC) will sort according to NDC Tier requirements
5. Transport according to destination Network Distribution Center
6. Destinating Network Distribution Center sorts to appropriate 3-digit or 5-digit
7. Transport to appropriate processing facility
8. Sort, Separate or transfer to Associate Office or Delivery Unit

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-29 For each process flow described in response to APWU/USPS-T4-28, please indicate the type of processing facility and the type of equipment used to process the parcels.

RESPONSE:

The following methods and facilities are associated with the steps identified in APWU/USPS-T4-28 :

a) First Class Lightweight Parcels

1. Occurs in Associate Office and Retail Units
2. Transport
3. Occurs in Processing and Distribution Center or Facility / Manual, Automated Parcel Bundle Sorter, Automated Package Processing System
4. Transport
5. Occurs in Processing and Distribution Center or Facility / Manual, Automated Parcel Bundle Sorter, Automated Package Processing System, Universal Sorter
6. Transport

b) Standard Mail Commercial Parcels

1. Occurs in Associate Offices and Retail Units, Bulk mail Entry Units, Network Distribution Centers, Processing and Distribution Centers and facilities and Delivery Units / Manual
2. Transport
3. Occurs in Processing and Distribution Centers and Facilities / Manual
4. Occurs in Network Distribution Centers / Manual, Automated Parcel Bundle Sorter, Automated Package Processing System, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
5. Transport
6. Occurs in Destinating Network Distribution Center / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
7. Transport
8. Occurs at Processing and Distribution Centers and Facilities / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine

c) Standard Mail Not Flat-Machinables

1. Occurs in Associate Offices and Retail Units, Bulk Mail Entry Units, Network Distribution Centers, Processing and Distribution Centers and Facilities and Delivery Units / Manual
2. Transport
3. Occurs in Processing and Distribution Centers and Facilities / Manual

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

RESPONSE to APWU/USPS-T4-29 (continued):

4. Occurs in Network Distribution Centers / Manual, Automated Parcel Bundle Sorter, Automated Package Processing System, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
5. Transport
6. Occurs in Destinating Network Distribution Center / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
7. Transport
8. Occurs at Processing and Distribution Centers and Facilities / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine

d) Single Piece Parcel Post

1. Occurs in Associate Office and Retail Units
2. Transport
3. Occurs in Processing and Distribution Centers and Facilities / Manual
4. Occurs in Network Distribution Centers / Manual, Automated Parcel Bundle Sorter, Automated Package Processing System, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
5. Transport
6. Occurs in Destinating Network Distribution Center / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
7. Transport
8. Occurs at Processing and Distribution Centers and Facilities / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine

e) Bound Printed Matter Parcels

1. Occurs in Associate Office and Retail Units
2. Transport
3. Occurs in Processing and Distribution Centers and Facilities / Manual
4. Occurs in Network Distribution Centers / Manual, Automated Parcel Bundle Sorter, Automated Package Processing System, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
5. Transport
6. Occurs in Destinating Network Distribution Center / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
7. Transport
8. Occurs at Processing and Distribution Centers and Facilities / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

RESPONSE to APWU/USPS-T4-29 (continued):

f) Media and Library Mail Parcels

1. Occurs in Associate Office and Retail Units
2. Transport
3. Occurs in Processing and Distribution Centers and Facilities / Manual
4. Occurs in Network Distribution Centers / Manual, Automated Parcel Bundle Sorter, Automated Package Processing System, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
5. Transport
6. Occurs in Destinating Network Distribution Center / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine, Parcel Sorting Machine, Sack Sorting Machine and Universal Sorter
7. Transport
8. Occurs at Processing and Distribution Centers and Facilities / Manual, Automated Parcel Bundle Sorter, Automated Package Processing Machine

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES

APWU/USPS-T4-30 For each product listed in APWU/USPS-T4-28(a-f) please provide the FY 2010 Origin 3-Digit Zip-to-Destination 3-Digit ZIP mail volumes for all origin-destination pairs.

RESPONSE:

Please see USPS Library Reference USPS-LR-N2012-1/NP17. The sources of data available to me contain ODIS data for only the following sub-classes of parcels: First Class Mail Parcels, BPM Parcels, Media and Library parcels, and Single Piece Parcel Post.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS BRATTA

APWU/USPS-T5-6 Please see your response to APWU/USPS-T4-9, redirected to you from USPS Witness Neri.

a) Please list each PD&C that has closed since 2008.

***

c) Where in the AMP analysis or PIRs does it show what will happen (or what has happened) to the excess equipment?

d) How is the lost value of excess equipment that is stored, disposed of, or sold for less than its value accounted for in the AMP study or PIR?

RESPONSE:

a) As reflected below, 17 P&DC/P&DF closures have occurred between FY 2008 and FY 2011.

Daytona Beach, Florida
Huntington, West Virginia
Oxnard, California
Portsmouth, New Hampshire
Salinas, California
Sioux City, Iowa
Lima, Ohio
Waterbury, Connecticut
West Jersey, New Jersey
Charlottesville, Virginia
Elmira, New York
Jamestown, New York
Wilkes-Barre, Pennsylvania
Royal Oak, Michigan
Binghamton, New York
Marysville, California
Kansas City, Kansas

***

c) The AMP workbooks show the movement of equipment if the equipment is moving to a site included in the AMP analysis. Excess equipment or equipment deployed to other facilities is individually justified outside of the AMP analysis.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS BRATTA

d) This information is not reflected in the AMP process. The accounting of these costs is made in accordance with standard accounting principles.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO DOUGLAS F. CARLSON INTERROGATORIES

DFC/USPS-T4-5. Please provide the number of AFCS, AFSM 100, FSM 1000, MPBCS, and DBCS machines at each facility.

RESPONSE:

As of February 28, 2012, equipment was at the following sites as described below.

SITE	MTYPE	MCOUNT
Akron OH P&DC	AFCS	6
Akron OH P&DC	DBCS	8
Akron OH P&DC	CIOSS	2
Akron OH P&DC	DIOSS	6
Akron OH P&DC	AFSM100	2
Canton OH P&DC	DBCS	7
Canton OH P&DC	DIOSS	2
Canton OH P&DC	AFSM100	1
Toledo OH P&DC	AFCS	4
Toledo OH P&DC	DBCS	14
Toledo OH P&DC	DIOSS	4
Toledo OH P&DC	AFSM100	2
Steubenville OH	DBCS	2
Mansfield OH P&DF	AFCS	2
Mansfield OH P&DF	DBCS	6
Mansfield OH P&DF	DIOSS	2
Mansfield OH P&DF	UFSM1000	2
Youngstown OH P&DF	AFCS	2
Youngstown OH P&DF	DBCS	5
Youngstown OH P&DF	DIOSS	3
Youngstown OH P&DF	AFSM100	1
Utica NY P&DF	AFCS	2
Utica NY P&DF	DBCS	4
Utica NY P&DF	DIOSS	2
Utica NY P&DF	UFSM1000	2
Albany NY P&DC	AFCS	4
Albany NY P&DC	DBCS	12
Albany NY P&DC	CIOSS	2
Albany NY P&DC	DIOSS	5
Albany NY P&DC	AFSM100	3
Binghamton NY PO	DBCS	5
Binghamton NY PO	DIOSS	1
Syracuse NY P&DC	AFCS	4
Syracuse NY P&DC	DBCS	13
Syracuse NY P&DC	CIOSS	2
Syracuse NY P&DC	DIOSS	4
Syracuse NY P&DC	AFSM100	3
Plattsburgh NY P&DF	AFCS	1
Plattsburgh NY P&DF	DIOSS	2
Roswell NM	DBCS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Roswell NM	DIOSS	2
Las Cruces NM PO	DBCS	1
Albuquerque NM P&DC	AFCS	4
Albuquerque NM P&DC	DBCS	16
Albuquerque NM P&DC	CIOSS	2
Albuquerque NM P&DC	DIOSS	3
Albuquerque NM P&DC	AFSM100	3
Waco TX P&DF	AFCS	2
Waco TX P&DF	DBCS	9
Waco TX P&DF	DIOSS	1
Waco TX P&DF	AFSM100	1
Austin TX P&DC	AFCS	1
Austin TX P&DC	DBCS	23
Austin TX P&DC	CIOSS	2
Austin TX P&DC	DIOSS	4
Austin TX P&DC	AFCS200	4
Austin TX P&DC	AFSM100	3
Atlanta GA P&DC	AFCS	7
Atlanta GA P&DC	DBCS	32
Atlanta GA P&DC	DIOSS	4
Atlanta GA P&DC	AFSM100	5
Peoria IL P&DF	AFCS	2
Peoria IL P&DF	DBCS	6
Peoria IL P&DF	DIOSS	2
Peoria IL P&DF	AFSM100	1
Fox Valley IL P&DC	DBCS	20
Fox Valley IL P&DC	CIOSS	1
Fox Valley IL P&DC	DIOSS	2
Fox Valley IL P&DC	AFSM100	2
South Suburban IL P&DC	AFCS	2
South Suburban IL P&DC	DBCS	21
South Suburban IL P&DC	CIOSS	2
South Suburban IL P&DC	DIOSS	4
South Suburban IL P&DC	AFCS200	6
South Suburban IL P&DC	AFSM100	3
Delaware P&DC	AFCS	3
Delaware P&DC	DBCS	17
Delaware P&DC	CIOSS	1
Delaware P&DC	DIOSS	2
Delaware P&DC	AFSM100	2
South Jersey P&DC	AFCS	7
South Jersey P&DC	DBCS	25
South Jersey P&DC	CIOSS	2
South Jersey P&DC	DIOSS	5
South Jersey P&DC	AFSM100	3
Jersey Shore NJ DDC	DBCS	11
Butte MT	DBCS	2
Butte MT	DIOSS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Missoula MT	DBCS	3
Missoula MT	DIOSS	1
Missoula MT	UFSM1000	1
Helena MT PO	DBCS	2
Kalispell MT	DBCS	2
Kalispell MT	DIOSS	1
Great Falls MT	AFCS	1
Great Falls MT	DBCS	1
Great Falls MT	DIOSS	2
Great Falls MT	UFSM1000	1
Billings MT P&DC	AFCS	1
Billings MT P&DC	DBCS	6
Billings MT P&DC	CIOSS	1
Billings MT P&DC	DIOSS	1
Billings MT P&DC	AFSM100	1
Cumberland MD	AFCS	1
Cumberland MD	DBCS	2
Cumberland MD	DIOSS	1
Baltimore MD IMF	DBCS	26
Baltimore MD IMF	AFSM100	3
Baltimore MD P&DC	AFCS	5
Baltimore MD P&DC	DBCS	29
Baltimore MD P&DC	CIOSS	2
Baltimore MD P&DC	DIOSS	7
Baltimore MD P&DC	AFCS200	5
Baltimore MD P&DC	AFSM100	4
Eastern Shore MD P&DF	AFCS	2
Eastern Shore MD P&DF	DBCS	4
Eastern Shore MD P&DF	DIOSS	1
Eastern Shore MD P&DF	UFSM1000	1
Dothan AL	DBCS	3
Tuscaloosa AL	DBCS	2
Mobile AL P&DC	AFCS	2
Mobile AL P&DC	DBCS	7
Mobile AL P&DC	DIOSS	2
Mobile AL P&DC	AFSM100	1
Birmingham AL P&DC	AFCS	1
Birmingham AL P&DC	DBCS	25
Birmingham AL P&DC	CIOSS	2
Birmingham AL P&DC	DIOSS	5
Birmingham AL P&DC	AFCS200	5
Birmingham AL P&DC	AFSM100	3
Huntsville AL P&DF	DBCS	10
Huntsville AL P&DF	DIOSS	1
Huntsville AL P&DF	AFSM100	1
Montgomery AL P&DC	AFCS	1
Montgomery AL P&DC	DBCS	10
Montgomery AL P&DC	DIOSS	2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Montgomery AL P&DC	AFCS200	3
Montgomery AL P&DC	AFSM100	1
Boston MA P&DC	AFCS	8
Boston MA P&DC	DBCS	27
Boston MA P&DC	DIOSS	7
Boston MA P&DC	AFSM100	4
Northwest Boston MA P&DC	DBCS	12
Northwest Boston MA P&DC	DIOSS	1
Northwest Boston MA P&DC	AFSM100	2
Elmira NY	DBCS	1
Buffalo NY P&DC	AFCS	3
Buffalo NY P&DC	DBCS	25
Buffalo NY P&DC	DIOSS	6
Buffalo NY P&DC	AFCS200	4
Buffalo NY P&DC	AFSM100	3
Rochester NY P&DC	AFCS	6
Rochester NY P&DC	DBCS	31
Rochester NY P&DC	CIOSS	3
Rochester NY P&DC	DIOSS	1
Rochester NY P&DC	AFSM100	2
Cardiss Collins IL P&DC	AFCS	9
Cardiss Collins IL P&DC	DBCS	49
Cardiss Collins IL P&DC	CIOSS	2
Cardiss Collins IL P&DC	DIOSS	7
Cardiss Collins IL P&DC	AFSM100	4
Irving Park Road IL P&DC	AFSM100	2
Kinston NC P&DF	DBCS	6
Kinston NC P&DF	DIOSS	1
Kinston NC P&DF	AFSM100	1
Asheville NC P&DF	AFCS	2
Asheville NC P&DF	DBCS	6
Asheville NC P&DF	DIOSS	1
Asheville NC P&DF	AFSM100	1
Charlotte NC L&DC	AFSM100	2
Charlotte NC P&DC	AFCS	1
Charlotte NC P&DC	DBCS	20
Charlotte NC P&DC	CIOSS	2
Charlotte NC P&DC	DIOSS	6
Charlotte NC P&DC	AFCS200	5
Charlotte NC P&DC	AFSM100	2
Fayetteville NC P&DC	AFCS	5
Fayetteville NC P&DC	DBCS	10
Fayetteville NC P&DC	CIOSS	2
Fayetteville NC P&DC	DIOSS	2
Fayetteville NC P&DC	AFSM100	1
Charleston SC P&DF	AFCS	2
Charleston SC P&DF	DBCS	9
Charleston SC P&DF	CIOSS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Charleston SC P&DF	DIOSS	1
Charleston SC P&DF	AFSM100	1
Martinsburg WV	DBCS	1
Martinsburg WV	DIOSS	1
Martinsburg WV	UFSM1000	1
Parkersburg WV	DBCS	1
Roanoke VA P&DC	AFCS	4
Roanoke VA P&DC	DBCS	9
Roanoke VA P&DC	CIOSS	1
Roanoke VA P&DC	DIOSS	2
Roanoke VA P&DC	AFSM100	1
Bluefield WV P&DF	DBCS	1
Bluefield WV P&DF	DIOSS	1
Bluefield WV P&DF	UFSM1000	1
Lynchburg VA P&DF	AFCS	1
Lynchburg VA P&DF	DBCS	4
Lynchburg VA P&DF	DIOSS	1
Lynchburg VA P&DF	AFSM100	1
Charleston WV P&DC	AFCS	5
Charleston WV P&DC	DBCS	13
Charleston WV P&DC	CIOSS	1
Charleston WV P&DC	DIOSS	4
Charleston WV P&DC	AFSM100	2
Clarksburg WV P&DF	AFCS	2
Clarksburg WV P&DF	DBCS	5
Clarksburg WV P&DF	DIOSS	1
Clarksburg WV P&DF	AFSM100	1
Athens OH	DBCS	2
Columbus OH P&DC	AFCS	5
Columbus OH P&DC	DBCS	30
Columbus OH P&DC	CIOSS	4
Columbus OH P&DC	DIOSS	10
Columbus OH P&DC	AFCS200	6
Columbus OH P&DC	AFSM100	5
Cleveland OH P&DC	AFCS	2
Cleveland OH P&DC	DBCS	30
Cleveland OH P&DC	CIOSS	3
Cleveland OH P&DC	DIOSS	6
Cleveland OH P&DC	AFCS200	5
Cleveland OH P&DC	AFSM100	4
Dayton OH P&DC	AFCS	4
Dayton OH P&DC	DBCS	14
Dayton OH P&DC	CIOSS	3
Dayton OH P&DC	DIOSS	3
Dayton OH P&DC	AFSM100	2
Cincinnati OH P&DC	AFCS	7
Cincinnati OH P&DC	DBCS	39
Cincinnati OH P&DC	DIOSS	6

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Cincinnati OH P&DC	AFSM100	4
North Texas TX P&DC	AFCS	13
North Texas TX P&DC	DBCS	30
North Texas TX P&DC	CIOSS	3
North Texas TX P&DC	DIOSS	11
North Texas TX P&DC	AFCS200	11
North Texas TX P&DC	AFSM100	5
Waldorf MD P&DF	DBCS	1
Government Mails	DBCS	1
Government Mails	UFSM1000	1
Southern MD P&DC	AFCS	5
Southern MD P&DC	DBCS	18
Southern MD P&DC	CIOSS	1
Southern MD P&DC	DIOSS	5
Southern MD P&DC	AFSM100	3
Suburban MD P&DC	DBCS	18
Suburban MD P&DC	CIOSS	2
Suburban MD P&DC	DIOSS	4
Suburban MD P&DC	AFCS200	5
Suburban MD P&DC	AFSM100	3
Curseen/Morris P&DC	DBCS	14
Curseen/Morris P&DC	DIOSS	1
Curseen/Morris P&DC	AFSM100	3
Rockford IL P&DC	AFCS	2
Rockford IL P&DC	DBCS	10
Rockford IL P&DC	DIOSS	1
Rockford IL P&DC	AFSM100	1
Carol Stream IL P&DC	AFCS	2
Carol Stream IL P&DC	DBCS	29
Carol Stream IL P&DC	DIOSS	7
Carol Stream IL P&DC	AFCS200	8
Carol Stream IL P&DC	AFSM100	4
Industry CA P&DC	DBCS	39
Industry CA P&DC	CIOSS	4
Industry CA P&DC	DIOSS	3
Industry CA P&DC	AFSM100	3
Lufkin TX	DBCS	3
Lufkin TX	DIOSS	1
Texarkana TX	DBCS	4
Texarkana TX	UFSM1000	1
Dallas TX P&DC	DBCS	39
Dallas TX P&DC	DIOSS	2
Dallas TX P&DC	AFSM100	4
East Texas P&DC	AFCS	3
East Texas P&DC	DBCS	9
East Texas P&DC	DIOSS	2
East Texas P&DC	AFSM100	1
Acworth GA	DBCS	6

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Marietta GA	DBCS	8
Athens GA GMF	DBCS	7
Athens GA GMF	DIOSS	1
Cartersville GA	DBCS	3
Douglasville GA	DBCS	3
North Metro GA P&DC	AFCS	2
North Metro GA P&DC	DBCS	33
North Metro GA P&DC	CIOSS	3
North Metro GA P&DC	DIOSS	5
North Metro GA P&DC	AFCS200	9
North Metro GA P&DC	AFSM100	5
Durango CO	DIOSS	1
Casper WY PO	AFCS	2
Casper WY PO	DBCS	3
Casper WY PO	DIOSS	2
Denver CO P&DC	AFCS	11
Denver CO P&DC	DBCS	64
Denver CO P&DC	CIOSS	3
Denver CO P&DC	DIOSS	8
Denver CO P&DC	AFCS200	9
Denver CO P&DC	AFSM100	6
Rock Springs WY	DBCS	1
Rock Springs WY	DIOSS	1
Rock Springs WY	UFSM1000	1
Cheyenne WY P&DC	AFCS	1
Cheyenne WY P&DC	DBCS	2
Cheyenne WY P&DC	CIOSS	1
Cheyenne WY P&DC	AFSM100	1
Grand Junction CO	AFCS	2
Grand Junction CO	DBCS	5
Grand Junction CO	DIOSS	2
Colorado Springs CO P&DC	AFCS	3
Colorado Springs CO P&DC	DBCS	17
Colorado Springs CO P&DC	CIOSS	2
Colorado Springs CO P&DC	DIOSS	2
Colorado Springs CO P&DC	AFSM100	2
Fort Dodge IA	DBCS	2
Fort Dodge IA	DIOSS	1
Fort Dodge IA	UFSM1000	1
Des Moines IA NDC	AFSM100	1
Waterloo Plant IA	AFCS	2
Waterloo Plant IA	DBCS	6
Waterloo Plant IA	DIOSS	1
Waterloo Plant IA	AFSM100	1
Des Moines IA P&DC	AFCS	4
Des Moines IA P&DC	DBCS	16
Des Moines IA P&DC	CIOSS	2
Des Moines IA P&DC	DIOSS	8

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Des Moines IA P&DC	AFSM100	3
Sioux City IA P&DF	AFCS	2
Sioux City IA P&DF	DBCS	2
Sioux City IA P&DF	UFSM1000	2
Quad Cities IL P&DF	AFCS	2
Quad Cities IL P&DF	DBCS	10
Quad Cities IL P&DF	DIOSS	3
Quad Cities IL P&DF	AFSM100	1
Cedar Rapids IA P&DC	AFCS	2
Cedar Rapids IA P&DC	DBCS	4
Cedar Rapids IA P&DC	CIOSS	2
Cedar Rapids IA P&DC	DIOSS	2
Cedar Rapids IA P&DC	AFSM100	1
Jackson MI DDC	DBCS	6
Jackson MI DDC	UFSM1000	1
Detroit MI P&DC	DBCS	44
Detroit MI P&DC	CIOSS	4
Detroit MI P&DC	DIOSS	3
Detroit MI P&DC	AFSM100	4
Dulles VA P&DC	DBCS	22
Dulles VA P&DC	DIOSS	2
Dulles VA P&DC	AFSM100	3
Trenton NJ P&DC	AFCS	3
Trenton NJ P&DC	DBCS	19
Trenton NJ P&DC	CIOSS	1
Trenton NJ P&DC	DIOSS	5
Trenton NJ P&DC	AFCS200	4
Trenton NJ P&DC	AFSM100	3
Monmouth NJ P&DC	DBCS	14
Monmouth NJ P&DC	CIOSS	1
Monmouth NJ P&DC	AFSM100	2
Kilmer NJ P&DC	AFCS	4
Kilmer NJ P&DC	DBCS	24
Kilmer NJ P&DC	DIOSS	4
Kilmer NJ P&DC	AFSM100	2
Erie PA P&DC	AFCS	2
Erie PA P&DC	DBCS	8
Erie PA P&DC	DIOSS	1
Erie PA P&DC	AFSM100	1
Altoona PA P&DF	AFCS	2
Altoona PA P&DF	DBCS	6
Altoona PA P&DF	DIOSS	1
Altoona PA P&DF	AFSM100	1
Johnstown PA P&DF	AFCS	2
Johnstown PA P&DF	DBCS	7
Johnstown PA P&DF	DIOSS	1
Johnstown PA P&DF	AFSM100	1
New Castle PA P&DF	DBCS	8

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

New Castle PA P&DF	DIOSS	1
New Castle PA P&DF	AFSM100	1
Queens NY P&DC	DBCS	35
Queens NY P&DC	CIOSS	3
Queens NY P&DC	DIOSS	3
Queens NY P&DC	AFSM100	3
Brooklyn NY P&DC	AFCS	8
Brooklyn NY P&DC	DBCS	30
Brooklyn NY P&DC	CIOSS	1
Brooklyn NY P&DC	DIOSS	6
Brooklyn NY P&DC	AFSM100	2
Staten Island NY P&DC	DBCS	6
Staten Island NY P&DC	AFSM100	1
San Juan PR P&DC	AFCS	3
San Juan PR P&DC	DBCS	10
San Juan PR P&DC	DIOSS	5
San Juan PR P&DC	AFSM100	2
NY ISC - JFK	DIOSS	6
NY ISC - JFK	AFSM100	1
NY ISC - JFK	UFSM1000	1
Fort Myers FL P&DC	AFCS	6
Fort Myers FL P&DC	DBCS	24
Fort Myers FL P&DC	DIOSS	2
Fort Myers FL P&DC	AFSM100	2
Abilene TX PO	AFCS	2
Abilene TX PO	DBCS	6
Abilene TX PO	DIOSS	1
Abilene TX PO	UFSM1000	2
Lubbock TX P&DF	AFCS	2
Lubbock TX P&DF	DBCS	6
Lubbock TX P&DF	DIOSS	1
Lubbock TX P&DF	AFSM100	1
Amarillo TX P&DF	AFCS	2
Amarillo TX P&DF	DBCS	7
Amarillo TX P&DF	DIOSS	1
Amarillo TX P&DF	AFSM100	1
Fort Worth TX P&DC	AFCS	1
Fort Worth TX P&DC	DBCS	39
Fort Worth TX P&DC	CIOSS	2
Fort Worth TX P&DC	DIOSS	5
Fort Worth TX P&DC	AFCS200	6
Fort Worth TX P&DC	AFSM100	5
Gary IN P&DC	AFCS	3
Gary IN P&DC	DBCS	12
Gary IN P&DC	CIOSS	2
Gary IN P&DC	DIOSS	1
Gary IN P&DC	AFSM100	1
Fort Wayne IN P&DC	AFCS	2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Fort Wayne IN P&DC	DBCS	7
Fort Wayne IN P&DC	CIOSS	1
Fort Wayne IN P&DC	DIOSS	2
Fort Wayne IN P&DC	AFSM100	1
South Bend IN P&DF	AFCS	2
South Bend IN P&DF	DBCS	9
South Bend IN P&DF	DIOSS	2
South Bend IN P&DF	AFSM100	1
Gaylord MI P&DF	DBCS	4
Gaylord MI P&DF	DIOSS	1
Gaylord MI P&DF	UFSM1000	1
Lansing MI P&DC	AFCS	4
Lansing MI P&DC	DBCS	18
Lansing MI P&DC	CIOSS	3
Lansing MI P&DC	DIOSS	2
Lansing MI P&DC	AFSM100	2
Saginaw MI P&DC	AFCS	2
Saginaw MI P&DC	DBCS	11
Saginaw MI P&DC	CIOSS	1
Saginaw MI P&DC	AFSM100	1
Kalamazoo MI P&DC	DBCS	16
Kalamazoo MI P&DC	CIOSS	1
Kalamazoo MI P&DC	DIOSS	1
Kalamazoo MI P&DC	AFSM100	1
Grand Rapids MI P&DC	AFCS	2
Grand Rapids MI P&DC	DBCS	21
Grand Rapids MI P&DC	CIOSS	1
Grand Rapids MI P&DC	DIOSS	4
Grand Rapids MI P&DC	AFCS200	5
Grand Rapids MI Annex	AFSM100	3
Traverse City MI P&DF	AFCS	2
Traverse City MI P&DF	DBCS	5
Traverse City MI P&DF	DIOSS	1
Traverse City MI P&DF	AFSM100	1
Hickory NC P&DF	DBCS	10
Hickory NC P&DF	DIOSS	1
Hickory NC P&DF	AFSM100	1
Greensboro NC P&DC	AFCS	4
Greensboro NC P&DC	DBCS	22
Greensboro NC P&DC	CIOSS	2
Greensboro NC P&DC	DIOSS	3
Greensboro NC P&DC	AFCS200	3
Greensboro NC P&DC	AFSM100	3
Barrigada GU	DBCS	1
Barrigada GU	DIOSS	1
Barrigada GU	UFSM1000	1
Honolulu HI P&DC	AFCS	2
Honolulu HI P&DC	DBCS	16

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Honolulu HI P&DC	CIOSS	2
Honolulu HI P&DC	DIOSS	3
Honolulu HI P&DC	AFCS200	3
Honolulu HI P&DC	AFSM100	2
Scranton PA P&DF	AFCS	3
Scranton PA P&DF	DBCS	10
Scranton PA P&DF	DIOSS	2
Scranton PA P&DF	AFSM100	1
Scranton PA P&DF	UFSM1000	1
Harrisburg PA P&DC	AFCS	7
Harrisburg PA P&DC	DBCS	22
Harrisburg PA P&DC	DIOSS	7
Harrisburg PA P&DC	AFSM100	3
Williamsport PA P&DF	AFCS	1
Williamsport PA P&DF	DBCS	2
Williamsport PA P&DF	DIOSS	1
Williamsport PA P&DF	UFSM1000	1
Lehigh Valley PA P&DF	AFCS	4
Lehigh Valley PA P&DF	DBCS	14
Lehigh Valley PA P&DF	DIOSS	6
Lehigh Valley PA P&DF	AFSM100	3
Hartford CT P&DC	AFCS	6
Hartford CT P&DC	DBCS	24
Hartford CT P&DC	CIOSS	2
Hartford CT P&DC	DIOSS	5
Hartford CT P&DC	AFSM100	3
Houston TX P&DC	AFCS	9
Houston TX P&DC	DBCS	29
Houston TX P&DC	DIOSS	6
Houston TX P&DC	AFSM100	5
Beaumont TX P&DF	AFCS	2
Beaumont TX P&DF	DBCS	8
Beaumont TX P&DF	DIOSS	1
Beaumont TX P&DF	AFSM100	1
Beaumont TX P&DF	UFSM1000	2
Houston TX North DDC	DBCS	13
Columbus IN	DBCS	3
Kokomo IN P&DF	AFCS	2
Kokomo IN P&DF	DBCS	4
Kokomo IN P&DF	DIOSS	1
Kokomo IN P&DF	AFSM100	1
Muncie IN P&DF	AFCS	1
Muncie IN P&DF	DBCS	4
Muncie IN P&DF	DIOSS	1
Muncie IN P&DF	UFSM1000	1
Lafayette IN P&DF	AFCS	1
Lafayette IN P&DF	DBCS	4
Lafayette IN P&DF	DIOSS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Lafayette IN P&DF	UFSM1000	1
Bloomington IN MPA	DBCS	4
Bloomington IN MPA	UFSM1000	1
Indianapolis IN MPA	AFSM100	1
Terre Haute IN P&DF	AFCS	1
Terre Haute IN P&DF	DBCS	5
Terre Haute IN P&DF	DIOSS	1
Terre Haute IN P&DF	AFSM100	1
Terre Haute IN P&DF	UFSM1000	1
Indianapolis IN P&DC	AFCS	6
Indianapolis IN P&DC	DBCS	33
Indianapolis IN P&DC	CIOSS	4
Indianapolis IN P&DC	DIOSS	4
Indianapolis IN P&DC	AFSM100	3
Pensacola FL P&DC	AFCS	3
Pensacola FL P&DC	DBCS	7
Pensacola FL P&DC	CIOSS	2
Pensacola FL P&DC	DIOSS	1
Pensacola FL P&DC	AFSM100	1
Gainesville FL P&DF	AFCS	3
Gainesville FL P&DF	DBCS	12
Gainesville FL P&DF	DIOSS	1
Gainesville FL P&DF	AFSM100	1
Panama City FL P&DF	DBCS	5
Panama City FL P&DF	DIOSS	1
Tallahassee FL P&DF	AFCS	2
Tallahassee FL P&DF	DBCS	7
Tallahassee FL P&DF	DIOSS	3
Tallahassee FL P&DF	AFSM100	2
Jacksonville FL P&DC	AFCS	4
Jacksonville FL P&DC	DBCS	25
Jacksonville FL P&DC	CIOSS	4
Jacksonville FL P&DC	DIOSS	5
Jacksonville FL P&DC	AFCS200	2
Jacksonville FL P&DC	AFSM100	4
Brookhaven MS CSBCS	DBCS	1
Tupelo MS CSF	DBCS	2
Tupelo MS CSF	DIOSS	1
Grenada MS CSF	AFCS	1
Grenada MS CSF	DBCS	5
Grenada MS CSF	DIOSS	1
Hattiesburg MS	AFCS	1
Hattiesburg MS	DBCS	4
Hattiesburg MS	DIOSS	1
Jackson MS P&DC	AFCS	3
Jackson MS P&DC	DBCS	15
Jackson MS P&DC	CIOSS	2
Jackson MS P&DC	DIOSS	3

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Jackson MS P&DC	AFCS200	3
Jackson MS P&DC	AFSM100	2
Gulfport MS P&DC	AFCS	1
Gulfport MS P&DC	DBCS	6
Gulfport MS P&DC	DIOSS	1
Gulfport MS P&DC	UFSM1000	2
Meridian MS CSF	DBCS	3
Springfield MO	AFCS	4
Springfield MO	DBCS	11
Springfield MO	CIOSS	1
Springfield MO	DIOSS	3
Springfield MO	AFSM100	2
Kansas City MO P&DC	AFCS	1
Kansas City MO P&DC	DBCS	44
Kansas City MO P&DC	CIOSS	2
Kansas City MO P&DC	DIOSS	6
Kansas City MO P&DC	AFCS200	7
Kansas City MO P&DC	AFSM100	5
Cape Girardeau MO P&DF	AFCS	2
Cape Girardeau MO P&DF	DBCS	5
Cape Girardeau MO P&DF	DIOSS	1
Cape Girardeau MO P&DF	AFSM100	1
Mid-Florida P&DC	AFCS	4
Mid-Florida P&DC	DBCS	25
Mid-Florida P&DC	CIOSS	4
Mid-Florida P&DC	DIOSS	3
Mid-Florida P&DC	AFSM100	1
Southeastern PA P&DC	AFCS	6
Southeastern PA P&DC	DBCS	20
Southeastern PA P&DC	CIOSS	2
Southeastern PA P&DC	DIOSS	7
Southeastern PA P&DC	AFSM100	3
Reading PA P&DC	DBCS	8
Reading PA P&DC	DIOSS	1
Reading PA P&DC	AFSM100	1
Lancaster PA P&DC	AFCS	4
Lancaster PA P&DC	DBCS	6
Lancaster PA P&DC	CIOSS	4
Lancaster PA P&DC	DIOSS	2
Lancaster PA P&DC	AFSM100	2
Long Beach CA P&DC	DBCS	41
Long Beach CA P&DC	DIOSS	3
Long Beach CA P&DC	AFSM100	3
Los Angeles CA P&DC	AFCS	4
Los Angeles CA P&DC	DBCS	73
Los Angeles CA P&DC	CIOSS	3
Los Angeles CA P&DC	DIOSS	9
Los Angeles CA P&DC	AFCS200	6

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Los Angeles CA P&DC	AFSM100	6
Los Angeles CA ISC	DIOSS	1
Los Angeles CA ISC	UFSM1000	1
Reno NV P&DC	AFCS	3
Reno NV P&DC	DBCS	11
Reno NV P&DC	CIOSS	1
Reno NV P&DC	DIOSS	2
Reno NV P&DC	AFSM100	1
Las Vegas NV P&DC	AFCS	5
Las Vegas NV P&DC	DBCS	31
Las Vegas NV P&DC	CIOSS	2
Las Vegas NV P&DC	DIOSS	3
Las Vegas NV P&DC	AFSM100	3
London KY PO	DBCS	3
Ashland KY P&DF	DBCS	2
Ashland KY P&DF	DIOSS	1
Paducah KY P&DF	DBCS	3
Paducah KY P&DF	DIOSS	1
Paducah KY P&DF	UFSM1000	1
Lexington KY P&DC	AFCS	3
Lexington KY P&DC	DBCS	15
Lexington KY P&DC	CIOSS	1
Lexington KY P&DC	DIOSS	2
Lexington KY P&DC	AFSM100	2
Evansville IN P&DF	AFCS	2
Evansville IN P&DF	DBCS	9
Evansville IN P&DF	DIOSS	1
Evansville IN P&DF	AFSM100	1
Louisville KY P&DC	AFCS	4
Louisville KY P&DC	DBCS	22
Louisville KY P&DC	CIOSS	3
Louisville KY P&DC	DIOSS	4
Louisville KY P&DC	AFSM100	3
Bowling Green KY P&DF	DBCS	6
Bowling Green KY P&DF	UFSM1000	2
Harrison AR	DBCS	2
Fort Smith AR	AFCS	1
Fort Smith AR	DBCS	4
Fort Smith AR	DIOSS	1
Fort Smith AR	UFSM1000	1
Jonesboro AR PO	DBCS	3
Jonesboro AR PO	DIOSS	2
Jonesboro AR PO	UFSM1000	1
Little Rock AR P&DC	AFCS	4
Little Rock AR P&DC	DBCS	23
Little Rock AR P&DC	CIOSS	1
Little Rock AR P&DC	DIOSS	3
Little Rock AR P&DC	AFSM100	2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Fayetteville AR P&DF	AFCS	2
Fayetteville AR P&DF	DBCS	6
Fayetteville AR P&DF	CIOSS	1
Fayetteville AR P&DF	DIOSS	1
Fayetteville AR P&DF	AFSM100	1
Hot Springs National Park AR	UFSM1000	2
Waycross GA	DBCS	4
Albany GA GMF	AFCS	2
Albany GA GMF	DBCS	7
Albany GA GMF	DIOSS	1
Albany GA GMF	UFSM1000	2
Macon GA P&DC	AFCS	3
Macon GA P&DC	DBCS	5
Macon GA P&DC	CIOSS	2
Macon GA P&DC	DIOSS	2
Macon GA P&DC	AFSM100	1
Columbus GA PO	DBCS	5
Columbus GA PO	UFSM1000	1
Augusta GA P&DF	AFCS	2
Augusta GA P&DF	DBCS	8
Augusta GA P&DF	DIOSS	1
Augusta GA P&DF	UFSM1000	2
Savannah GA P&DF	AFCS	3
Savannah GA P&DF	DBCS	13
Savannah GA P&DF	DIOSS	1
Savannah GA P&DF	AFSM100	1
Wausau WI P&DF	AFCS	2
Wausau WI P&DF	DBCS	8
Wausau WI P&DF	DIOSS	2
Wausau WI P&DF	AFSM100	1
Madison WI P&DC	AFCS	1
Madison WI P&DC	DBCS	15
Madison WI P&DC	DIOSS	5
Madison WI P&DC	AFCS200	3
Madison WI P&DC	AFSM100	2
Oshkosh WI P&DF	AFCS	2
Oshkosh WI P&DF	DBCS	8
Oshkosh WI P&DF	DIOSS	1
Oshkosh WI P&DF	AFSM100	1
Miami FL P&DC	AFCS	4
Miami FL P&DC	DBCS	33
Miami FL P&DC	CIOSS	2
Miami FL P&DC	DIOSS	3
Miami FL P&DC	AFCS200	4
Miami FL P&DC	AFSM100	4
South Florida L&DC	AFSM100	3
South Florida P&DC	DBCS	25
South Florida P&DC	CIOSS	3

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

South Florida P&DC	DIOSS	2
Fort Lauderdale FL P&DC	AFCS	5
Fort Lauderdale FL P&DC	DBCS	18
Fort Lauderdale FL P&DC	DIOSS	3
Fort Lauderdale FL P&DC	AFSM100	2
Mid Island NY P&DC	AFCS	9
Mid Island NY P&DC	DBCS	17
Mid Island NY P&DC	CIOSS	2
Mid Island NY P&DC	DIOSS	8
Mid Island NY P&DC	AFCS200	7
Mid Island NY P&DC	AFSM100	4
Mid Island NY Annex	DBCS	23
Western Nassau NY P&DC	DBCS	17
Western Nassau NY P&DC	DIOSS	3
Western Nassau NY P&DC	AFSM100	2
New York L&DC	UFSM1000	1
Kenosha WI	DBCS	2
Green Bay WI P&DC	AFCS	4
Green Bay WI P&DC	DBCS	9
Green Bay WI P&DC	DIOSS	2
Green Bay WI P&DC	AFSM100	1
Milwaukee WI P&DC	AFCS	2
Milwaukee WI P&DC	DBCS	32
Milwaukee WI P&DC	CIOSS	3
Milwaukee WI P&DC	DIOSS	7
Milwaukee WI P&DC	AFCS200	6
Milwaukee WI P&DC	AFSM100	5
Iron Mountain MI P&DF	AFCS	1
Iron Mountain MI P&DF	DBCS	2
Iron Mountain MI P&DF	DIOSS	2
Iron Mountain MI P&DF	UFSM1000	1
Jackson TN P&DF	DBCS	5
Jackson TN P&DF	UFSM1000	1
Memphis TN P&DC	AFCS	5
Memphis TN P&DC	DBCS	20
Memphis TN P&DC	CIOSS	3
Memphis TN P&DC	DIOSS	2
Memphis TN P&DC	AFSM100	3
Manchester NH	AFCS	4
Manchester NH	DBCS	15
Manchester NH	CIOSS	2
Manchester NH	DIOSS	2
Manchester NH	AFSM100	2
Portsmouth NH P&DF	DBCS	1
Portsmouth NH P&DF	UFSM1000	1
La Crosse WI	AFCS	1
La Crosse WI	DBCS	3
La Crosse WI	DIOSS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Minneapolis MN P&DC	AFCS	6
Minneapolis MN P&DC	DBCS	48
Minneapolis MN P&DC	CIOSS	2
Minneapolis MN P&DC	DIOSS	6
Minneapolis MN P&DC	AFCS200	7
Minneapolis MN P&DC	AFSM100	5
Merrifield VA P&DC	AFCS	9
Merrifield VA P&DC	DBCS	25
Merrifield VA P&DC	CIOSS	3
Merrifield VA P&DC	DIOSS	6
Merrifield VA P&DC	AFCS200	2
Merrifield VA P&DC	AFSM100	2
Bryan TX	AFCS	1
Bryan TX	DBCS	3
Bryan TX	DIOSS	2
Bryan TX	UFSM1000	1
North Houston TX P&DC	AFCS	7
North Houston TX P&DC	DBCS	37
North Houston TX P&DC	CIOSS	4
North Houston TX P&DC	DIOSS	5
North Houston TX P&DC	AFSM100	5
Lafayette LA P&DF	AFCS	3
Lafayette LA P&DF	DBCS	14
Lafayette LA P&DF	DIOSS	1
Lafayette LA P&DF	AFSM100	1
Shreveport LA P&DC	AFCS	4
Shreveport LA P&DC	DBCS	21
Shreveport LA P&DC	CIOSS	1
Shreveport LA P&DC	DIOSS	3
Shreveport LA P&DC	AFSM100	2
Baton Rouge LA P&DC	AFCS	4
Baton Rouge LA P&DC	DBCS	11
Baton Rouge LA P&DC	CIOSS	3
Baton Rouge LA P&DC	DIOSS	1
Baton Rouge LA P&DC	AFSM100	2
New Orleans LA P&DC	AFCS	6
New Orleans LA P&DC	DBCS	27
New Orleans LA P&DC	DIOSS	4
New Orleans LA P&DC	AFSM100	3
Lowell MA	DBCS	3
Middlesex-Essex MA P&DC	AFCS	5
Middlesex-Essex MA P&DC	DBCS	21
Middlesex-Essex MA P&DC	CIOSS	3
Middlesex-Essex MA P&DC	DIOSS	2
Middlesex-Essex MA P&DC	AFSM100	2
Central Massachusetts P&DC	AFCS	5
Central Massachusetts P&DC	DBCS	21
Central Massachusetts P&DC	CIOSS	3

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Central Massachusetts P&DC	DIOSS	3
Central Massachusetts P&DC	AFSM100	2
Knoxville TN P&DC	AFCS	1
Knoxville TN P&DC	DBCS	15
Knoxville TN P&DC	DIOSS	3
Knoxville TN P&DC	AFCS200	3
Knoxville TN P&DC	AFSM100	2
Nashville TN P&DC	AFCS	5
Nashville TN P&DC	DBCS	20
Nashville TN P&DC	CIOSS	4
Nashville TN P&DC	DIOSS	6
Nashville TN P&DC	AFCS200	2
Nashville TN P&DC	AFSM100	4
Chattanooga TN P&DC	AFCS	3
Chattanooga TN P&DC	DBCS	13
Chattanooga TN P&DC	DIOSS	2
Chattanooga TN P&DC	AFSM100	1
Johnson City TN P&DF	AFCS	2
Johnson City TN P&DF	DBCS	6
Johnson City TN P&DF	DIOSS	2
Johnson City TN P&DF	UFSM1000	1
New Jersey IMF	AFSM100	2
New Jersey IMF	UFSM1000	1
DVD NJ P&DC	AFCS	8
DVD NJ P&DC	DBCS	31
DVD NJ P&DC	CIOSS	1
DVD NJ P&DC	DIOSS	13
DVD NJ P&DC	AFSM100	5
Morgan NY P&DC	AFCS	3
Morgan NY P&DC	DBCS	47
Morgan NY P&DC	CIOSS	3
Morgan NY P&DC	DIOSS	11
Morgan NY P&DC	AFCS200	8
Morgan NY P&DC	AFSM100	7
Morgan NY P&DC	UFSM1000	1
NCED	AFCS	9
NCED	DBCS	4
NCED	CIOSS	4
NCED	AFCS200	6
Maintenance Technical Support Center	AFCS	1
Maintenance Technical Support Center	DBCS	2
Maintenance Technical Support Center	CIOSS	1
Maintenance Technical Support Center	DIOSS	2
Maintenance Technical Support Center	AFSM100	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Mc Alester OK	DBCS	3
Tulsa OK P&DC	AFCS	6
Tulsa OK P&DC	DBCS	20
Tulsa OK P&DC	CIOSS	3
Tulsa OK P&DC	DIOSS	2
Tulsa OK P&DC	AFSM100	2
Tulsa OK P&DC	UFSM1000	2
Oklahoma City OK P&DC	AFCS	2
Oklahoma City OK P&DC	DBCS	30
Oklahoma City OK P&DC	CIOSS	2
Oklahoma City OK P&DC	DIOSS	4
Oklahoma City OK P&DC	AFCS200	4
Oklahoma City OK P&DC	AFSM100	4
Oakland CA P&DC	AFCS	8
Oakland CA P&DC	DBCS	59
Oakland CA P&DC	CIOSS	3
Oakland CA P&DC	DIOSS	6
Oakland CA P&DC	AFSM100	5
Salina KS	DIOSS	2
Hutchinson KS	DBCS	1
Hutchinson KS	DIOSS	1
Omaha NE P&DC	AFCS	4
Omaha NE P&DC	DBCS	12
Omaha NE P&DC	CIOSS	2
Omaha NE P&DC	DIOSS	5
Omaha NE P&DC	AFSM100	2
Topeka KS P&DF	AFCS	2
Topeka KS P&DF	DBCS	7
Topeka KS P&DF	DIOSS	1
Topeka KS P&DF	AFSM100	1
Lincoln NE P&DF	AFCS	2
Lincoln NE P&DF	DBCS	8
Lincoln NE P&DF	DIOSS	1
Lincoln NE P&DF	AFSM100	1
Norfolk NE P&DF	AFCS	1
Norfolk NE P&DF	DBCS	2
Norfolk NE P&DF	DIOSS	1
Norfolk NE P&DF	UFSM1000	1
North Platte NE	DBCS	1
North Platte NE	DIOSS	2
North Platte NE	UFSM1000	1
Wichita KS P&DC	AFCS	3
Wichita KS P&DC	DBCS	9
Wichita KS P&DC	CIOSS	2
Wichita KS P&DC	DIOSS	2
Wichita KS P&DC	AFSM100	2
Grand Island NE P&DF	AFCS	1
Grand Island NE P&DF	DBCS	2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Grand Island NE P&DF	DIOSS	2
Grand Island NE P&DF	UFSM1000	1
Orlando FL L&DC	AFSM100	3
Orlando FL P&DC	AFCS	7
Orlando FL P&DC	DBCS	31
Orlando FL P&DC	DIOSS	4
Philadelphia PA NDC	AFSM100	1
Philadelphia PA P&DC	AFCS	10
Philadelphia PA P&DC	DBCS	41
Philadelphia PA P&DC	CIOSS	2
Philadelphia PA P&DC	DIOSS	11
Philadelphia PA P&DC	AFSM100	5
Tucson AZ P&DC	AFCS	4
Tucson AZ P&DC	DBCS	17
Tucson AZ P&DC	DIOSS	2
Tucson AZ P&DC	AFSM100	2
Phoenix AZ P&DC	AFCS	10
Phoenix AZ P&DC	DBCS	62
Phoenix AZ P&DC	CIOSS	4
Phoenix AZ P&DC	DIOSS	8
West Valley AZ L&DC	DBCS	15
West Valley AZ L&DC	AFSM100	6
Eastern Maine P&DF	AFCS	2
Eastern Maine P&DF	DBCS	6
Eastern Maine P&DF	DIOSS	1
Eastern Maine P&DF	AFSM100	1
Southern Maine P&DC	AFCS	4
Southern Maine P&DC	DBCS	8
Southern Maine P&DC	CIOSS	3
Southern Maine P&DC	DIOSS	4
Southern Maine P&DC	AFSM100	2
Medford OR	AFCS	1
Medford OR	DBCS	5
Medford OR	DIOSS	2
Medford OR	AFSM100	1
Mt Hood OR	DBCS	25
Mt Hood OR	AFSM100	3
Bend OR P&DF	AFCS	1
Bend OR P&DF	DBCS	2
Bend OR P&DF	DIOSS	2
Bend OR P&DF	UFSM1000	1
Pendleton OR	DIOSS	1
Salem OR P&DF	AFCS	2
Salem OR P&DF	DBCS	8
Salem OR P&DF	CIOSS	1
Salem OR P&DF	DIOSS	2
Salem OR P&DF	AFSM100	1
Eugene OR P&DF	AFCS	2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Eugene OR P&DF	DBCS	8
Eugene OR P&DF	CIOSS	1
Eugene OR P&DF	DIOSS	2
Eugene OR P&DF	AFSM100	1
Portland OR P&D	AFCS	7
Portland OR P&D	DBCS	22
Portland OR P&D	CIOSS	2
Portland OR P&D	DIOSS	5
Portland OR P&D	AFSM100	3
Palatine IL P&DC	DBCS	38
Palatine IL P&DC	CIOSS	4
Palatine IL P&DC	DIOSS	3
Palatine IL P&DC	AFSM100	4
Brockton MA P&DC	AFCS	4
Brockton MA P&DC	DBCS	15
Brockton MA P&DC	DIOSS	4
Brockton MA P&DC	AFSM100	1
Wareham MA Annex	DBCS	5
Wareham MA Annex	UFSM1000	1
Providence RI P&DC	AFCS	5
Providence RI P&DC	DBCS	28
Providence RI P&DC	CIOSS	2
Providence RI P&DC	DIOSS	4
Providence RI P&DC	AFSM100	3
Washington PA	DBCS	4
Wheeling WV P&DF	DBCS	2
Greensburg PA P&DF	DBCS	6
Greensburg PA P&DF	DIOSS	1
Greensburg PA P&DF	UFSM1000	1
Pittsburgh PA P&DC	AFCS	8
Pittsburgh PA P&DC	DBCS	33
Pittsburgh PA P&DC	CIOSS	3
Pittsburgh PA P&DC	DIOSS	6
Pittsburgh PA P&DC	AFSM100	4
Hampton VA	DBCS	3
Norfolk VA P&DC	AFCS	5
Norfolk VA P&DC	DBCS	22
Norfolk VA P&DC	CIOSS	2
Norfolk VA P&DC	DIOSS	3
Norfolk VA P&DC	AFSM100	3
Richmond VA P&DC_1	AFCS	3
Richmond VA P&DC_1	DBCS	27
Richmond VA P&DC_1	CIOSS	2
Richmond VA P&DC_1	DIOSS	9
Richmond VA P&DC_1	AFCS200	6
Richmond VA P&DC_1	AFSM100	5
Moreno Valley CA DDC	DBCS	19
Moreno Valley CA DDC	DIOSS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Moreno Valley CA DDC	AFSM100	1
San Bernardino CA P&DC	AFCS	7
San Bernardino CA P&DC	DBCS	30
San Bernardino CA P&DC	CIOSS	2
San Bernardino CA P&DC	DIOSS	5
San Bernardino CA P&DC	AFSM100	3
Raleigh NC P&DC	AFCS	6
Raleigh NC P&DC	DBCS	22
Raleigh NC P&DC	CIOSS	2
Raleigh NC P&DC	DIOSS	3
Raleigh NC P&DC	AFSM100	3
Rocky Mount NC P&DF	AFCS	2
Rocky Mount NC P&DF	DBCS	8
Rocky Mount NC P&DF	DIOSS	2
Rocky Mount NC P&DF	AFSM100	1
Anaheim CA P&DF	DBCS	28
Anaheim CA P&DF	DIOSS	2
Anaheim CA P&DF	AFSM100	2
Santa Ana CA P&DC	AFCS	14
Santa Ana CA P&DC	DBCS	39
Santa Ana CA P&DC	DIOSS	11
Santa Ana CA P&DC	AFCS200	2
Santa Ana CA P&DC	AFSM100	4
Midway CA P&DF	DBCS	15
ML Sellers CA P&DC	AFCS	7
ML Sellers CA P&DC	DBCS	41
ML Sellers CA P&DC	CIOSS	3
ML Sellers CA P&DC	DIOSS	6
ML Sellers CA P&DC	AFSM100	4
Salinas CA P&DF	DBCS	8
San Jose CA P&DC	AFCS	6
San Jose CA P&DC	DBCS	42
San Jose CA P&DC	CIOSS	2
San Jose CA P&DC	DIOSS	2
San Jose CA P&DC	AFCS200	4
San Jose CA P&DC	AFSM100	3
Fresno CA P&DC	AFCS	3
Fresno CA P&DC	DBCS	15
Fresno CA P&DC	DIOSS	2
Fresno CA P&DC	AFSM100	2
Bakersfield CA P&DC	AFCS	4
Bakersfield CA P&DC	DBCS	21
Bakersfield CA P&DC	DIOSS	2
Bakersfield CA P&DC	AFSM100	2
Centralia IL	DIOSS	1
Effingham IL	DIOSS	1
Carbondale IL	DBCS	2
Carbondale IL	DIOSS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Carbondale IL	UFSM1000	1
Quincy IL P&DF	DBCS	3
Quincy IL P&DF	DIOSS	1
Quincy IL P&DF	UFSM1000	1
Saint Louis MO P&DC	AFCS	10
Saint Louis MO P&DC	DBCS	55
Saint Louis MO P&DC	CIOSS	4
Saint Louis MO P&DC	DIOSS	9
Saint Louis MO P&DC	AFCS200	3
Saint Louis MO P&DC	AFSM100	5
Mid Missouri MO P&DF	AFCS	2
Mid Missouri MO P&DF	DBCS	7
Mid Missouri MO P&DF	DIOSS	2
Mid Missouri MO P&DF	AFSM100	1
Mankato MN	AFCS	2
Mankato MN	DBCS	4
Mankato MN	DIOSS	2
Mankato MN	AFSM100	1
Duluth MN P&DF	AFCS	1
Duluth MN P&DF	DBCS	5
Duluth MN P&DF	DIOSS	1
Duluth MN P&DF	AFSM100	1
Saint Cloud MN	AFCS	2
Saint Cloud MN	DBCS	7
Saint Cloud MN	CIOSS	1
Saint Cloud MN	DIOSS	1
Saint Cloud MN	AFSM100	1
Bemidji MN P&DF	DIOSS	1
Rochester MN P&DF	AFCS	2
Rochester MN P&DF	DBCS	4
Rochester MN P&DF	DIOSS	1
Rochester MN P&DF	AFSM100	1
Eau Claire WI P&DF	AFCS	1
Eau Claire WI P&DF	DBCS	6
Eau Claire WI P&DF	DIOSS	1
Eau Claire WI P&DF	AFSM100	1
Saint Paul MN P&DC - New	AFCS	5
Saint Paul MN P&DC - New	DBCS	29
Saint Paul MN P&DC - New	CIOSS	2
Saint Paul MN P&DC - New	DIOSS	5
Saint Paul MN P&DC - New	AFCS200	4
Saint Paul MN P&DC - New	AFSM100	4
Pasadena CA P&DC	DBCS	22
Pasadena CA P&DC	DIOSS	1
Pasadena CA P&DC	AFSM100	1
Santa Barbara CA P&DC	AFCS	3
Santa Barbara CA P&DC	DBCS	29
Santa Barbara CA P&DC	DIOSS	4

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Santa Barbara CA P&DC	AFSM100	2
Santa Clarita CA P&DC	AFCS	8
Santa Clarita CA P&DC	DBCS	54
Santa Clarita CA P&DC	CIOSS	4
Santa Clarita CA P&DC	DIOSS	4
Santa Clarita CA P&DC	AFCS200	8
Santa Clarita CA P&DC	AFSM100	3
Van Nuys CA FSS Annex	AFSM100	2
Modesto CA	DBCS	5
Redding CA	AFCS	2
Redding CA	DBCS	2
Redding CA	DIOSS	2
Redding CA	AFSM100	1
Stockton CA P&DC	DBCS	17
Stockton CA P&DC	DIOSS	3
Stockton CA P&DC	AFSM100	2
Sacramento CA P&DC	AFCS	8
Sacramento CA P&DC	DBCS	49
Sacramento CA P&DC	CIOSS	3
Sacramento CA P&DC	DIOSS	10
Sacramento CA P&DC	AFSM100	5
Yakima WA	DBCS	4
Yakima WA	DIOSS	1
Yakima WA	UFSM1000	1
South WA DDC	DBCS	17
South WA DDC	AFSM100	1
Wenatchee WA	DBCS	3
Wenatchee WA	DIOSS	1
Wenatchee WA	UFSM1000	1
Olympia WA P&D	DBCS	7
Olympia WA P&D	DIOSS	1
Olympia WA P&D	AFSM100	1
Tacoma WA P&DC	AFCS	4
Tacoma WA P&DC	DBCS	13
Tacoma WA P&DC	CIOSS	2
Tacoma WA P&DC	DIOSS	1
Tacoma WA P&DC	AFSM100	1
Tacoma WA P&DC	UFSM1000	1
Everett WA P&DF	AFCS	4
Everett WA P&DF	DBCS	18
Everett WA P&DF	CIOSS	1
Everett WA P&DF	DIOSS	2
Everett WA P&DF	AFSM100	1
Everett WA P&DF	UFSM1000	1
Seattle WA P&DC	AFCS	7
Seattle WA P&DC	DBCS	24
Seattle WA P&DC	CIOSS	2
Seattle WA P&DC	DIOSS	6

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Seattle WA P&DC	AFSM100	4
Seattle WA DDC-East	DBCS	15
Seattle WA DDC-East	AFSM100	1
Eureka CA	AFCS	1
Eureka CA	DIOSS	2
North Bay CA DDC	DBCS	20
North Bay CA P&DC	AFCS	3
North Bay CA P&DC	DBCS	5
North Bay CA P&DC	CIOSS	1
North Bay CA P&DC	DIOSS	2
North Bay CA P&DC	AFSM100	2
San Francisco CA P&DC	AFCS	6
San Francisco CA P&DC	DBCS	13
San Francisco CA P&DC	CIOSS	2
San Francisco CA P&DC	DIOSS	7
San Francisco CA P&DC	AFSM100	4
North Peninsula CA DDC	DBCS	27
Provo UT	AFCS	2
Provo UT	DBCS	3
Provo UT	DIOSS	2
Provo UT	UFSM1000	2
Salt Lake City UT P&D	AFCS	5
Salt Lake City UT P&D	DBCS	23
Salt Lake City UT P&D	CIOSS	2
Salt Lake City UT P&D	DIOSS	5
Salt Lake City UT P&D	AFSM100	4
McAllen TX	AFCS	2
McAllen TX	DBCS	10
McAllen TX	DIOSS	1
McAllen TX	AFSM100	1
El Paso TX P&DC	AFCS	2
El Paso TX P&DC	DBCS	10
El Paso TX P&DC	CIOSS	1
El Paso TX P&DC	DIOSS	2
El Paso TX P&DC	AFSM100	2
Midland TX P&DF	AFCS	2
Midland TX P&DF	DBCS	6
Midland TX P&DF	DIOSS	1
Midland TX P&DF	AFSM100	1
San Antonio TX P&DC	AFCS	1
San Antonio TX P&DC	DBCS	35
San Antonio TX P&DC	CIOSS	2
San Antonio TX P&DC	DIOSS	4
San Antonio TX P&DC	AFCS200	4
San Antonio TX P&DC	AFSM100	4
Corpus Christi TX P&DC	AFCS	2
Corpus Christi TX P&DC	DBCS	10
Corpus Christi TX P&DC	DIOSS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Corpus Christi TX P&DC	AFSM100	1
Champaign IL P&DF	AFCS	2
Champaign IL P&DF	DBCS	7
Champaign IL P&DF	DIOSS	1
Champaign IL P&DF	AFSM100	1
Springfield IL P&DC	AFCS	2
Springfield IL P&DC	DBCS	6
Springfield IL P&DC	DIOSS	2
Springfield IL P&DC	AFSM100	1
Bloomington IL P&DF	AFCS	2
Bloomington IL P&DF	DBCS	7
Bloomington IL P&DF	CIOSS	2
Bloomington IL P&DF	DIOSS	1
Bloomington IL P&DF	AFSM100	1
Springfield MA P&DC	AFCS	4
Springfield MA P&DC	DBCS	14
Springfield MA P&DC	DIOSS	3
Springfield MA P&DC	AFSM100	2
Burlington VT P&DF	AFCS	2
Burlington VT P&DF	DBCS	4
Burlington VT P&DF	DIOSS	1
Burlington VT P&DF	AFSM100	1
Burlington VT P&DF	UFSM1000	2
White River Junction VT P&DC	AFCS	2
White River Junction VT P&DC	DBCS	2
White River Junction VT P&DC	CIOSS	1
White River Junction VT P&DC	DIOSS	2
White River Junction VT P&DC	UFSM1000	2
Anchorage AK P&DC	AFCS	1
Anchorage AK P&DC	DBCS	6
Anchorage AK P&DC	CIOSS	1
Anchorage AK P&DC	DIOSS	2
Anchorage AK P&DC	AFSM100	1
Pasco WA P&DF	AFCS	1
Pasco WA P&DF	DBCS	4
Pasco WA P&DF	DIOSS	1
Pasco WA P&DF	UFSM1000	1
Spokane WA P&DC	AFCS	3
Spokane WA P&DC	DBCS	14
Spokane WA P&DC	CIOSS	2
Spokane WA P&DC	DIOSS	2
Spokane WA P&DC	AFSM100	2
Boise ID	AFCS	3
Boise ID	DBCS	10
Boise ID	CIOSS	2
Boise ID	DIOSS	2
Boise ID	AFSM100	1
Pocatello ID	AFCS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Pocatello ID	DBCS	4
Pocatello ID	DIOSS	1
Pocatello ID	UFSM1000	1
Twin Falls ID	DBCS	2
Twin Falls ID	DIOSS	1
Bismarck ND	AFCS	1
Bismarck ND	DBCS	3
Bismarck ND	DIOSS	1
Bismarck ND	UFSM1000	1
Fargo ND P&DC	AFCS	2
Fargo ND P&DC	DBCS	7
Fargo ND P&DC	CIOSS	1
Fargo ND P&DC	DIOSS	1
Fargo ND P&DC	AFSM100	1
Minot ND P&DF	DBCS	1
Minot ND P&DF	DIOSS	1
Grand Forks ND	DBCS	2
Grand Forks ND	DIOSS	2
Sioux Falls SD	AFCS	3
Sioux Falls SD	DBCS	10
Sioux Falls SD	CIOSS	1
Sioux Falls SD	DIOSS	2
Sioux Falls SD	AFSM100	2
Rapid City SD P&DF	DBCS	2
Rapid City SD P&DF	DIOSS	2
Dakota Central SD P&DC	DBCS	3
Dakota Central SD P&DC	DIOSS	2
Tampa FL P&DC	AFCS	9
Tampa FL P&DC	DBCS	32
Tampa FL P&DC	DIOSS	7
Tampa FL P&DC	AFCS200	11
Tampa FL P&DC	AFSM100	4
Zephyrhills FL	DBCS	4
Lakeland FL P&DC	DBCS	14
Lakeland FL P&DC	DIOSS	1
Lakeland FL P&DC	AFSM100	1
Manasota FL P&DC	DBCS	17
Manasota FL P&DC	DIOSS	1
Manasota FL P&DC	AFSM100	2
St Petersburg FL P&DC	DBCS	15
St Petersburg FL P&DC	CIOSS	4
St Petersburg FL P&DC	AFSM100	1
Flint MI P&DC	DBCS	4
Flint MI P&DC	DIOSS	1
Flint MI P&DC	AFSM100	1
Michigan Metroplex P&DC	AFCS	17
Michigan Metroplex P&DC	DBCS	57
Michigan Metroplex P&DC	CIOSS	1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

Michigan Metroplex P&DC	DIOSS	6
Michigan Metroplex P&DC	AFCS200	15
Michigan Metroplex P&DC	AFSM100	4
Northern NJ Metro P&DC	AFCS	8
Northern NJ Metro P&DC	DBCS	32
Northern NJ Metro P&DC	CIOSS	3
Northern NJ Metro P&DC	DIOSS	6
Northern NJ Metro P&DC	AFSM100	2
Columbia SC P&DC	AFCS	4
Columbia SC P&DC	DBCS	11
Columbia SC P&DC	CIOSS	2
Columbia SC P&DC	DIOSS	3
Columbia SC P&DC	MPBCS	1
Columbia SC P&DC	AFSM100	2
Florence SC P&DF	AFCS	2
Florence SC P&DF	DBCS	7
Florence SC P&DF	DIOSS	3
Florence SC P&DF	AFSM100	1
Greenville SC P&DC	AFCS	4
Greenville SC P&DC	DBCS	17
Greenville SC P&DC	CIOSS	1
Greenville SC P&DC	DIOSS	2
Greenville SC P&DC	AFSM100	2
Monsey NY	DBCS	7
Mid-Hudson NY P&DC	AFCS	3
Mid-Hudson NY P&DC	DBCS	13
Mid-Hudson NY P&DC	CIOSS	1
Mid-Hudson NY P&DC	DIOSS	2
Mid-Hudson NY P&DC	AFSM100	1
Westchester NY P&DC	AFCS	2
Westchester NY P&DC	DBCS	26
Westchester NY P&DC	CIOSS	2
Westchester NY P&DC	DIOSS	3
Westchester NY P&DC	AFCS200	4
Westchester NY P&DC	AFSM100	3
Southern CT P&DC	AFCS	5
Southern CT P&DC	DBCS	25
Southern CT P&DC	CIOSS	2
Southern CT P&DC	DIOSS	3
Southern CT P&DC	AFSM100	3
Stamford CT P&DC	AFCS	3
Stamford CT P&DC	DBCS	16
Stamford CT P&DC	CIOSS	1
Stamford CT P&DC	DIOSS	2
Stamford CT P&DC	AFSM100	1
West Palm Beach FL P&DC	AFCS	8
West Palm Beach FL P&DC	DBCS	37
West Palm Beach FL P&DC	CIOSS	3

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-5 (continued):

West Palm Beach FL P&DC	DIOSS	3
West Palm Beach FL P&DC	AFCS200	5
West Palm Beach FL P&DC	AFSM100	3

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO DOUGLAS F. CARLSON INTERROGATORIES

DFC/USPS-T4-6. For each processing facility that processes outgoing mail on weekdays but not on Saturdays, please indicate the plant to which that processing facility forwards its mail for processing on Saturdays. For purposes of this interrogatory, a "processing facility" is a P&DF, a P&DC, or a post office that postmarks and distributes mail.

RESPONSE:

M-F	Saturday
Akron (OH) P&DC	Cleveland (OH) P&DC
Albany (GA) GMF	Macon (GA) P&DC
Altoona (PA) MPC	Pittsburgh (PA) P&DC
Amarillo (TX) P&DC	Lubbock (TX) P&DF
Asheville (NC) P&DF	Charlotte (NC) P&DC
Augusta (GA) P&DF	Columbia (SC) P&DC
Bakersfield (CA) P&DC	Santa Clarita (CA) P&DC
Beaumont (TX) P&DC	North Houston (TX) P&DC
Bend (OR) P&DC	Portland (OR) P&DC
Bloomington (IL) P&DF	Peoria (IL) P&DF
Bluefield (WV) MPO	Charleston (WV) P&DC
Brockton (MA) P&DF	Boston (MA) P&DC
Brooklyn (NY) P&DC	Morgan Station (NY) P&DC
Bryan (TX) P&DC	North Houston (TX) P&DC
Buffalo (NY) P&DC	Rochester (NY) P&DC
Burlington (VT) P&DF	White River Jct (VT) P&DC
Cape Girardeau (MO) P&DF	Saint Louis (MO) P&DC
Carbondale (IL) PO	Saint Louis (MO) P&DC
Central Mass (MA) P&DC	Boston (MA) P&DC
Central WI (WI) P&DF	Milwaukee (WI) P&DC
Centralia (IL) PO	Saint Louis (MO) P&DC
Champaign (IL) P&DF	South Suburban (IL) P&DC
Champaign (IL) P&DF	Springfield (IL) P&DC
Charleston (SC) P&DF	Columbia (SC) P&DC
Chattanooga (TN) P&DC	Nashville (TN) P&DC
Cheyenne (WY) P&DC	Denver (CO) P&DC
Chicago (IL) P&DC	South Suburban (IL) P&DC
Chicago (IL) P&DC	Carol Stream (IL) P&DC
Colorado Springs (CO) P&DC	Denver (CO) P&DC
Dakota Central (SD) P&DF	Sioux Falls (SD) P&DC
Dayton (OH) P&DC	Cincinnati (OH) P&DC
Delaware (DE) P&DC	South Jersey (NJ) P&DC
Eastern Maine (ME) P&DF	Southern Maine (ME) P&DC
Eastern Shore (MD) MPO	Baltimore (MD) P&DC
Eau Claire (WI) P&DF	Saint Paul (MN) P&DC
Effingham (IL) PO	Saint Louis (MO) P&DC
Erie (PA) P&DF	Pittsburgh (PA) P&DC
Eugene (OR) P&DF	Portland (OR) P&DC
Evansville (IN) P&DF	Louisville (KY) P&DC
Everett (WA) P&DF	Seattle (WA) P&DC
Florence (SC) P&DF	Columbia (SC) P&DC

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-6 (continued):

Fort Lauderdale (FL) P&DC	Miami (FL) P&DC
Fort Myers (FL) P&DC	Tampa (FL) P&DC
Fort Smith (AR) MPO	Little Rock (AR) P&DC
Fort Smith (AR) MPO	Fayetteville (AR) P&DF
Fort Wayne (IN) P&DC	Indianapolis (IN) P&DC
Fort Worth (TX) P&DC	North Texas (TX) P&DC
Gainesville (FL) P&DC	Jacksonville (FL) P&DC
Gary (IN) P&DC	South Suburban (IL) P&DC
Gaylord (MI) MPO	Traverse City (MI) P&DF
Grand Forks (ND) MPO	Fargo (ND) P&DC
Grand Island (NE) P&DF	Omaha (NE) P&DC
Great Falls (MT) MP ANNEX	Billings (MT) P&DC
Green Bay (WI) P&DC	Milwaukee (WI) P&DC
Grenada (MS) P&DC	Jackson (MS) P&DC
Hattiesburg (MS) CSF	Gulfport (MS) P&DC
Houston (TX) P&DC	North Houston (TX) P&DC
Hutchinson (KS) MPO	Wichita (KS) P&DC
Industry (CA) P&DC	Santa Ana (CA) P&DC
Johnson City (TN) CSNPF	Knoxville (TN) P&DC
Johnstown (PA) P&DC	Pittsburgh (PA) P&DC
Jonesboro (AR) P&DC	Little Rock (AR) P&DC
Kalispell (MT) MPO	Great Falls (MT) MP ANNEX
Kokomo (IN) P&DF	Indianapolis (IN) P&DC
La Crosse (WI) MPO	Saint Paul (MN) P&DC
Lafayette (LA) P&DF	Baton Rouge (LA) P&DC
Lexington (KY) P&DC	Louisville (KY) P&DC
Lincoln (NE) P&DF	Omaha (NE) P&DC
Madison (WI) P&DC	Milwaukee (WI) P&DC
Manchester (NH) P&DC	Boston (MA) P&DC
Mankato (MN) P&DF	Minneapolis (MN) P&DC
Mansfield (OH) MPO	Cleveland (OH) P&DC
Middlesex-Essex (MA) P&DC	Boston (MA) P&DC
Mid-Florida (FL) P&DC	Orlando (FL) P&DC
Mid-Hudson (NY) P&DC	Westchester (NY) P&DC
Mid-Missouri (MO) P&DF	Saint Louis (MO) P&DC
Minot (ND) MPO	Bismarck (ND) P&DF
Muncie (IN) P&DF	Indianapolis (IN) P&DC
New Orleans (LA) P&DC	Baton Rouge (LA) P&DC
NNJ Metro (NJ) P&DC	Dominick V Daniels (NJ) P&DC
Norfolk (NE) P&DF	Omaha (NE) P&DC
Norfolk (VA) P&DC	Richmond (VA) P&DC
North Bay (CA) P&DC	San Francisco (CA) P&DC
Paducah (KY) P&DF	Nashville (TN) P&DC
Pasco (WA) P&DF	Spokane (WA) P&DC
Pendleton (OR) P&DC	Portland (OR) P&DC
Plattsburgh (NY) CSF	Albany (NY) P&DC
Pocatello (ID) PO	Salt Lake City (UT) P&DC
Provo (UT) P&DF	Salt Lake City (UT) P&DC
Quad Cities (IL) P&DF	Cedar Rapids (IA) P&DF

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO DOUGLAS F. CARLSON INTERROGATORIES

RESPONSE to DFC/USPS-T4-6 (continued):

Quincy (IL) AMPC	Saint Louis (MO) P&DC
Rapid City (SD) P&DF	Sioux Falls (SD) P&DC
Rochester (MN) P&DF	Saint Paul (MN) P&DC
Rock Springs (WY) PO	Salt Lake City (UT) P&DC
Rockford (IL) P&DC	Carol Stream (IL) P&DC
Rocky Mount (NC) P&DF	Raleigh (NC) P&DC
Saginaw (MI) P&DC	Michigan Metroplex P&DC
Saint Cloud (MN) P&DF	Minneapolis (MN) P&DC
Salem (OR) P&DF	Portland (OR) P&DC
Salina (KS) P&DC	Wichita (KS) P&DC
San Bernardino (CA) P&DC	M.L. Sellers (CA) P&DC
San Jose (CA) P&DC	Oakland (CA) P&DC
Santa Barbara (CA) P&DC	Santa Clarita (CA) P&DC
Scranton (PA) P&DF	Lehigh Valley (PA) P&DC
South Bend (IN) P&DC	Indianapolis (IN) P&DC
Southeastern (PA) P&DC	Philadelphia (PA) P&DC
Southern CT (CT) P&DC	Hartford (CT) P&DC
Southern MD (MD) P&DC	Suburban MD (MD) P&DC
Springfield (MA) P&DC	Hartford (CT) P&DC
Springfield (MO) P&DC	Kansas City (MO) P&DC
Stamford (CT) P&DC	Hartford (CT) P&DC
Tacoma (WA) P&DC	Seattle (WA) P&DC
Terre Haute (IN) P&DF	Indianapolis (IN) P&DC
Topeka (KS) P&DF	Kansas City (MO) P&DC
Trenton (NJ) P&DC	South Jersey (NJ) P&DC
Tucson (AZ) P&DC	Phoenix (AZ) P&DC
Utica (NY) P&DF	Syracuse (NY) P&DC
Waterloo (IA) P&DF	Des Moines (IA) P&DC
Waterloo (IA) P&DF	Cedar Rapids (IA) P&DF
Wenatchee (WA) PO	Seattle (WA) P&DC
Wheeling (WV) MPO	Pittsburgh (PA) P&DC
Williamsport (PA) P&DF	Harrisburg (PA) P&DC
Yakima (WA) PO	Seattle (WA) P&DC
Youngstown (OH) P&DF	Pittsburgh (PA) P&DC
Youngstown (OH) P&DF	Cleveland (OH) P&DC

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-1
On page 2, lines 8-21, of your prefiled testimony, you list three factors as responsible for excess processing capacity: an increase of processing equipment when mail volume was increasing, a growth of worksharing over the same period, and declining volume in First-Class Mail (FCM) since 2006.

(a) Please confirm there was excess processing capacity within the Postal Service before 2006. If you do not confirm, please explain why.

(b) Please explain fully what efforts were undertaken by the Postal Service to reduce excess mail processing capacity before 2006, including all automation equipment and labor expenditures.

(c) What efforts were undertaken by the Postal Service before 2006 to reduce excess facility and transportation expenses associated with mail processing?

RESPONSE:

(a) Confirmed, but up until 2006, volumes were growing. Therefore, some of this excess capacity was used to accommodate the volume growth.

(b) Prior to 2006, attempts to reduce excess capacity focused on the deployment of new equipment platforms which increased the amount of mail processed in mechanization, then automation. This included the deployment of all mail processing equipment. In addition to mail processing equipment upgrades, advancements were made in the development and visibility of metrics pertaining to mail processing costs. These advancements included systems such as End-of-Run and the Breakthrough Productivity Initiative. These systems provided increased visibility in mail processing workhour usage compared to volumes processed in an effort to create workforce scheduling and repositioning strategies.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

RESPONSE to GCA/USPS-T4-1 continued:

(c) See response to b. I am informed by Witness Martin that prior to 2006, utilization of network transportation was continually reviewed for opportunities to reduce costs as part of daily logistics management.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-2
On page 3, line 7 of your testimony, you state that the Postal Service has over 487 mail processing facilities. Please break this total down into P&DCs, P&DFs, LDCs, NDCs, CSMPCs, DDCs, MPAs, and STCs. For each facility, please include the location of each by city and state.

RESPONSE:

The 487 figure referenced in the testimony was the count of network facilities as of September 15, 2011. The list of facilities, and their associated type, city, and state appear in Library Reference USPS-LR-N2012-1/57.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-4
(a) Is there excess capacity in BMEUs and DMUs? Please explain fully.

(b) (i) What percentage of commercial mail, by class, is sent to BMEUs and DMUs and (ii) what percentage is "transported by mailers directly to the postal processing facilities for entry"? (USPS-T4, page 4, lines 24-25.)

RESPONSE:

(a) Witness Neri is aware of no analysis concerning excess capacity at BMEUs or DMUs.

(b) Please see the response of witness Mehra (USPS-T-7) to Presiding Officer's Information Request No. 1, Question 15(g) for information regarding the volume of mail entered through BMEUs. The Postal Service does not send mail to DMUs.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-6
(a) Can DBCS automation equipment use other programs beyond the DPS sort program, e.g., incoming primary and secondary sorts? If so, please state what programs can be used.

(b) If your answer to (a) is affirmative, has this been done as DPS was being phased in?

Please explain your answers fully.

RESPONSE:

(a) Yes. The DBCS platform can perform all distribution of letter mail when a barcode is present on a mail piece. If the barcode must be applied, variations of the DBCS such as the DBCS Output Subsystem (OSS) and DBCS Input-Output Subsystem (DIOSS) are used to perform the address recognition and barcode application. For redirection of mail and application of a change of address label, a variation of the DBCS known as a Combined Input Output Subsystem (CIOSS) is used. All variations of the DBCS are capable of sorting mail in the DPS sort program and all other barcode sortation programs.

(b) Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-7
What percentage of operations inefficiencies are due to "unpredictable mail arrival"? (USPS-T4, page 12, line 7.)

RESPONSE:

The Postal Service has not estimated the percentage of inefficiencies due to unpredictable mail arrival. The point made here is that the inability to perfectly predict the arrival of mail volumes will lead to higher staffing levels than would otherwise be required if more precise mail arrival profiles were known.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS/T4-8
On page 12, lines 6-7, of your prefiled testimony you attribute lack of operations efficiency in part to a drastic decline in mail and a major shift in the mail mix.

(a) Other than a decline in First-Class letter mail, what other declines and/or major shift(s) are you referring to?

(b) For each shift in mail mix referred to in your answer to (a), please explain fully how the shift causes a loss of efficiency.

RESPONSE:

(a) The reference is to the decline that the Postal Service has experienced in mail volumes from the peak 213 billion pieces in Fiscal Year 2006 to fewer than 168 billion pieces in Fiscal Year 2011. Not only did First-Class Mail decline during this period, but Standard Mail declined by over 17 billion pieces during this period as well. Please see the RPW reports from Fiscal Years 2006 and 2007, filed as Library Reference USPS-LR-N2012-1/56. The shift cited in this interrogatory refers to the increased percentage of Standard Mail and presorted First Class Mail.

(b) Please see section IV of the testimony of Dave Williams (USPS-T-1).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-9
(a) Please quantify your statements on page 12, lines 17-23. Specifically: (i) Is the late arrival problem a small, moderate, or large issue in terms of the carrier time lost in manual casing? (ii) Please supply any estimates available to you of the amount of such time lost, in terms of workhours, dollars, or both.

(b) (i) Please explain the mechanism by which the late arrival issue results in additional clerk time. (ii) Please supply any estimates available to you of the amount of such additional time, in terms of workhours, dollars, or both.

RESPONSE:

(a) The estimates are provided in the testimony of witness Smith (USPS-T-9), at pages 24-25.

(b) This section of my testimony is related to specific instances in which mail volumes have arrived after sequencing due to the very short windows through which DPS mail volume must be sorted in order to meet overnight service standards. The mechanism through which this occurs is as follows: If single piece First-Class Mail letters that have an overnight service standard from ZIP Code A to ZIP Code B, in which ZIP Code A and ZIP Code B are served by two facilities, than that mail must go through cancellation and outgoing operations at the first facility. That mail is than loaded onto a truck for transportation to the second facility. At that second facility, this mail volume must go through an incoming primary operation, DPS first pass and DPS second pass. All of this must occur through very short operational windows and in some instances, due to the timing, this mail may miss the delivery point sequencing. If this occurs, this mail must be provided to the delivery unit for manual distribution. The estimates are provided in the testimony of witness Smith (USPS-T-9), at pages 24-25.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-10
Please refer to page 13, lines 1-4, of your prefiled testimony, where you state that small operating windows create a need for extra processing equipment to meet overnight service standard commitments.

(a) For all letter mail processing equipment, including but not limited to DBCS equipment, please list the number of hours in a 24-hour day, for each of the seven days of a week, that such equipment is not in use. Please provide the mean downtime for each type of equipment in non-holiday periods, as well as the range of hours for non-use by each type.

(b) On page 13, Figure 5, please explain fully why your DPS window for letters is eight hours, from 11 p.m. until 7 a.m., whereas Postal Service witness Rosenberg states that there is a four-hour window that ends, evidently, at 5:30 a.m. for last volume overnight delivery arriving around 1:30 a.m. (cf. USPS-T3, page 2, lines 1-3).

RESPONSE:

(a) Please see Library Reference USPS-LR-N2012-1/44 - Materials Responsive to PR/USPS-T4-1(b).

(b) The chart on page 13 (Figure 5) shows the general operating plan for mail processing facilities. The DPS operation is comprised of 2 processing runs or passes of roughly equal volume. The current operating plan requires that plants complete DPS processing by 0700. This represents the latest time for mail to be processed and subsequently dispatched to the offices nearest the plant. Some DPS runs must be completed much earlier in order to allow for the additional travel time needed to reach the delivery office.

Witness Rosenberg's testimony on lines 1-3 of page 2 refers to the time available between the last receipt of mail from an overnight office and the first dispatch time to meet the far away delivery offices. As she notes, "There are approximately four hours between when the last volume arrives...and the DPS

RESPONSE to GCA/USPS-T4-10 continued:

second pass clearance time required to meet the dispatch of value." She does not say the DPS window is only 4 hours in duration, merely that about four hours exist between the last receipt of overnight committed mail and the dispatch of value for the earliest DPS office. This overnight mail must still run through the first pass and then the entire second pass must run prior to the dispatch.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-12
Please refer to your prefiled testimony at page 14, lines 1-20.

(a) What, to date, is the average length of time between the start of an AMP process and its conclusion, both for plants actually closed, and for all AMP studies regardless of whether the study led to a plant closing?

(b) For plants that were closed under an AMP process, what was the length of time between the recommendation for closure, and the actual point at which the plant was shut down or consolidated?

(c) Under the proposed network rationalization plan, in light of your answers to (a) and (b) above and the number of personnel available to perform AMP, how many years would it take to complete the network rationalization?

RESPONSE:

(a) Since 2008, the average (mean) length of time between the start of an AMP study to its conclusion is 216 days.

(b) Since 2008, the average (mean) length of time between the final official's approval of an AMP and the completion of consolidation is 145 days.

(c) The Postal Service has announced publicly its significant financial challenges and its plan to implement network changes. The implementation timeline is based upon the decision to change service standards as brought forth in this docket. The Postal Service will assign adequate resources to meet its objectives.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-14
(a) Please explain how the end of overnight delivery, would "improve service" as you state on page 15, line 13.

(b) Does the reference to improving service, cited in (a), refer only or principally to service performance?

RESPONSE:

(a) The reference refers to service performance. The change in operating window would allow the Postal Service to more consistently deliver the service as proposed in the business rules. This is primarily due to the increased predictability of daily processing requirements.

(b) Please see the response to part a of this interrogatory.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-15
Please refer to page 15, lines 21-22, of your prefiled testimony.

You assert that network rationalization would allow elimination of the AADC/ADC distinction and that as a result "automation letters along with manual letters, flats and parcels could be tendered directly to the destinating facility." This being the case, please explain fully why the overnight delivery standard would be maintained for workshared letters, albeit with two earlier windows, but totally eliminated for manual letters?

RESPONSE:

In the proposed environment, presort First-Class Mail that arrives at the destinating P&DC prior to 8:00 a.m. will be delivered the following day. Five-digit presort First-Class Mail that arrives at the destinating P&DC prior to 12:00 a.m. will be delivered the following day. Single Piece First-Class Mail letters that you refer to as manual letters that are mailed through collection boxes, retail lobbies, or home mail boxes are not collected and transported to the destinating P&DC until after these two windows have passed, therefore missing the critical entry time required for the service standards as proposed in the Federal Register notice dated December 15 (See Library Reference USPS-LR-N2012-1/7). The Postal Service does not refer to collection mail as manual mail. In fact, this mail is processed on automation.

REVISED MARCH 22, 2012

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORY

GCA/USPS-T4-16

(a) Please explain whether your calculation of "an idle time reduction of 27 percent" (page 18, lines 10-11) is based on your eight-hour current window or witness Rosenberg's 4 hour window.

(b) Please explain why a 27 percent reduction in idle time would require a 100 percent increase in the time allowed to process a single piece letter, that is, from one to two days.

RESPONSE:

(a-b) A correction to the testimony will be filed. The 27% figure refers to the total amount of idle time in the mail processing network as seen in Library Reference USPS-LR-N2012-1/10.

REVISED MARCH 21, 2012

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T4-17

In your response to GCA/USPS-T4-1, the question referenced "declining volume in First Class Mail", and your answer to part (a) was that "up until 2006, volumes were growing."

(a) For each of (i) through (iv), below, please state the year in which the category of mail peaked:

(i) Total First-Class Mail;

(ii) Total First-Class Letter Mail;

(iii) Single-Piece First-Class Letter Mail;

(iv) Workshared First-Class Letter Mail.

(b) For each of (a)(i) through (a)(iv), please state the source of the data on which you rely to identify the peak year.

***

(e) Please refer to your answer in GCA/USPS-T4-1(a), referring to the use of excess capacity to "accommodate the volume growth." Was the volume growth that you refer to growth in worksharing First-Class Letter Mail alone? If your answer is not an unqualified "yes," please explain fully.

(f) If your answer to (e) was affirmative in any degree, please explain (i) whether the Postal Service was adding further capacity, up to 2006-2007, when worksharing activity for all upstream processing was increasing (presumptively displacing the Postal Service's need to add capacity), and (ii) if so, why.

(g) If your answer to (e) was negative, please state what other categories of First-Class Mail besides workshared were growing in volume until 2006-2007.

RESPONSE:

(a) (i) FY 2001 (103.7 billion pieces)

(ii) FY 2001 (98.2 billion pieces)

(iii) FY 1990 (56.8 billion pieces)

(iv) FY 2007 (50 billion pieces)

REVISED MARCH 21, 2012

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORIES

RESPONSE to GCA/USPS-T4-17 (continued):

(b) Please see the annual Revenue Pieces & Weight Reports filed by the Postal Service, the Annual Compliance Reports filed by the Postal Service at the Commission beginning with PRC Docket No. ACR2007-1 and the Domestic Mail Volume History/1970-2010.

***

(e-g) No. The primary driver of mail processing capacity is the amount of mail processing equipment required to process Delivery Point Sequencing of letter mail within the operating window driven by the overnight service standard. Single piece and commercial (workshared) First-Class and Standard letter mail is sorted by the Postal Service into Delivery Point Sequence in mail processing facilities.

INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE TO GREETING CARD ASOCIATION INTERROGATORY REDIRECTED FROM WITNESS NERI

GCA/USPS-T4-17
In your response to GCA/USPS-T4-1, the question referenced "declining volume in First Class Mail", and your answer to part (a) was that "up until 2006, volumes were growing."

***

(c) Please state the net amount of First-Class Mail and First-Class Letter Mail processing equipment capacity added by the Postal Service since FY 2001.
(d) Please state the net amount of mail processing equipment capacity, including but not limited to facing and cancellation equipment, added by the Postal Service since 1990.

***

RESPONSE:

***

(c-d) Please see the chart below, reflecting total processing equipment by type per year. I do not have access to records containing pertinent information for time periods earlier Fiscal Year 2003.

Type	2003	2004	2005	2006	2007	2008	2009	2010	2011
MPBCS	680	632	509	451	330	104	0	0	0
CSBCS	2,995	3,032	675	2,768	2,596	2,134	1,355	711	215
DBCS	4,923	4,917	4,605	4,680	4,637	4,783	4,761	4,752	4,654
DIOSS	212	209	205	484	817	815	808	816	802
CIOSS	2	34	68	194	287	286	285	279	278
MLOCR	829	820	679	460	143	53	0	0	0
AFCS	1,047	1,052	633	95	1,053	1,008	948	931	474
AFCS200	0	0	0	0	0	0	0	6	70

***

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T4-18
In your answer to GCA/USPS-T4-5(a), you use the phrase "performed on machinery capable of performing DPS."
(a) What types of automation machinery, and what vintages of such machinery, are capable of doing a DPS sort?
(b) What vintages and types of automation machinery are not capable of doing DPS sorts?
(c) (i) Can older vintages of automation machinery be retrofitted to perform DPS sorts?
(ii) Have older vintages of automation machinery been retrofitted to per-form DPS sorts?
(iii) If your answer to (i), (ii), or both, is affirmative in any degree, please list the type of machine, vintage, and description of the retrofitting (e.g., more bins, addition of DIOSS, etc.) which can be or has been done.

RESPONSE:

(a) Delivery Bar Code Sorters of all phases and platforms are capable of performing Delivery Point Sequencing, including base DBCS phases 1-6, DBCS Input Output Subsystems (DIOSS), DBCS Combined Input Output Subsystem (CIOSS) and DBCS – Output Subsystem (DBCS-OSS). Carrier Sequence Bar Code Sorters (CSBCS) are also capable of performing DPS. Flat Sequencing System (FSS) is capable of performing DPS for flat mail.

(b) The Automated Facer Canceller System is not capable of sorting to DPS.

(c)(i-iii) I am aware of no vintage automation letter sorting equipment in the USPS inventory that is incapable of performing DPS operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T4-20
Please refer to your answer to GCA/USPS-T4-7.
(a) Please define as precisely as possible the meaning of "unpredictable" as you have used it in this response.
(b) Please explain why there would be less unpredictable mail arrival in a processing plant if overnight delivery was ended.
(c) Please explain fully why adding an additional 24 hours for processing and delivering what is now overnight mail, would not, by reason of that very widening of the acceptable entry times, create more unpredictable mail arrival than the current narrower standard.

RESPONSE:

(a) As used in my testimony, the term "unpredictable" refers to the fact that first pass delivery point sequencing cannot be completed until all mail is available. Frequently, this mail is not at the facility when first pass begins and has an irregular arrival profile which impacts operations.

(b-c) In the proposed environment, all first pass DPS candidate mail would be available and at the processing facility at noon each day.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T4-21

(a) In your answer to GCA/USPS-T4-12(c), you state that the Postal Service has "announced publicly . . . its plan to implement network changes." Is the public announcement to which you referred the December 15, 2011, Federal Register notice filed as Library Reference LR-N2012-1/7 in this case? If you were referring to any other public announcement(s), please fully identify them, with dates.
(b) Did all, or any, of the public announcements of plans to implement network changes you identify in responding to (a) include, or assume as a necessary part of the network changes, the ending of overnight delivery? Please identify all that did include or assume that feature.
(c) (i) Were any plans to implement network changes which did include or assume the ending overnight delivery furnished to witness Rosenberg before she performed the analysis now presented in USPS-T-3?
(ii) If so, were these plans furnished as forming a necessary or recommended basis for her analysis (as opposed, e.g., to a possible but not necessarily preferred outcome thereof)? Please explain fully.

RESPONSE:

(a) No. The public announcement refers to the press conference held on September 15.

(b) They assumed implementation of the changes detailed within the Proposed Rule published in the Federal Register on December 15, 2011.

(c) (i-ii) The analysis performed by witness Rosenberg was predicated on the service changes described by witness Williams.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T4-22
Please refer to your answer to GCA/USPS-T4-12(c).
(a) Does the expression "implementation timeline as brought forth in this docket" refer to the start of network rationalization (most recently given, in the Postal Service's January 18, 2012, Motion for Reconsideration, as May 15, 2012), to the completion of that rationalization, or to some other period of time? Please explain fully.
(b) If the above-cited "implementation timeline" was meant to refer to some period of or point in time other than the start of network rationalization, what is your best projection of the date of completion of the rationalization?
(c) In assigning "adequate resources to meet its objectives," will the Postal Service seek to conduct all the required AMP processes simultaneously, or will a staff unit which has completed an AMP process then be assigned to start on a new one? Please explain fully.

RESPONSE:

(a) No. This subpart abridges the full statement, omits critical words and completely redefines the expressed intent of the statement. The full statement reads as follows: "The implementation timeline is based upon the decision to change service standards as brought forth in this docket." Consistent with the full statement, the implementation timeline is based on the decision to change service standards as brought forth in this docket, or described in another way, the decision to change service standards as described in this docket. It should further be observed that the Postal Service has made clear that "the start of network rationalization" will occur after May 15.

(b) Not applicable.

(c) All AMPs were performed simultaneously.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO GREETING CARD ASSOCIATION INTERROGATORIES

GCA/USPS-T4-24

In your response to GCA/USPS-T4-15, you state that collection mail cannot meet the new service standards for overnight delivery published in the Federal Register on December 15th because it cannot meet the 8:00 a.m. or 12 a.m. arrival cut-off times for Presort.

(a) Please explain fully why collection mail cannot be picked by USPS personnel up at times that would allow it to meet the same entry times as required for Presort.

(b) (i) Does your answer to GCA/USPS-T4-15 mean that the entry times and corresponding delivery standards for Presort First-Class Mail were established, and the delivery standards for Single-Piece then derived as a consequence of those parameters for Presort? Please explain fully either an affirmative or a negative answer.

(ii) If your answer to (i) is that Presort entry and delivery standards did, in any degree, dictate those for Single-Piece, please explain how and why the decision to proceed in that manner was taken.

(c) Was any optimization study for entry times undertaken which attempted to balance the needs of Presort and Single Piece for overnight delivery, (i.e., an optimization study leading to a solution showing what entry times for Presort and Single Piece simultaneously allowed for overnight delivery of both (even if not at the current volumes))? If yes, please provide a copy of all such studies, or a citation thereto if already publicly available. If not, please explain why such a study was not conducted.

RESPONSE:

(a) The situation described in this subpart would require collection times of 4 a.m. to bring the mail to the plant prior to the initiation of incoming processes at the facility at 8 a.m. The Postal Service does not believe that this is a viable alternative.

(b)(i-ii) Please see the response to GCA/USPS-T3-9(c).

(c) No. The Postal Service recognizes that First Class Mail single piece volume is the product facing the largest decline in the network. Postal Service management is of the view that defining a future network based on a rapidly declining single-piece First Class Mail product does not seem the most prudent use of postal resources.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T4-1. Please refer to page 14 of your testimony where you state "[t]he Postal Service intends to use the AMP process as a vital decision-making tool in support of Mail Processing Network Rationalization Service Changes. This current process provides a time-tested and verified method of calculating savings associated with mail processing facility consolidation and/or closure."

a. Please confirm whether this process includes any assessment of the cost savings or cost increases to mailers and mail service providers as a consequence of the proposed changes.

b. If confirmed, please provide any qualitative or quantitative assessment on cost savings or cost increases to mailers and mail service providers. If you cannot confirm, please explain fully.

RESPONSE:

a-b. Please see the response to NPPC/USPS-T1-8. The Postal Service does not have data reflecting the cost structures of presort First-Class Mail users and mail service providers, and is unable to do such analysis without that information. As part of the Advanced Notice of Proposed Rulemaking, the Postal Service specifically requested:

> comments on all aspects of the Proposal. In particular, the Postal Service solicits comments on the effects that the Proposal could have on senders and recipients of First-Class Mail, Periodicals, and Standard Mail, as well as any potential effects on users of other mail classes. Mail users are encouraged to comment on the nature and extent of costs or savings they might experience as a result of the changes described in this notice, as well as any additional possible benefits they foresee.

The Postal Service received mainly qualitative comments; however, no comments provided the Postal Service the ability to quantify the costs. The Postal Service in its Proposed Rule also requested comments on the proposed revisions in 39 CFR Part 121. Any comments related to costs of the industry could provide a basis for understanding potential impact.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T4-3. Please refer to page 15 of your testimony where you state, "[t]he proposed Network Rationalization Service Changes would no longer require mail flow for outgoing (originating) operations to be constrained by the AADC / ADC distinction, because the mail processing infrastructure would be consolidated into a streamlined network, thereby allowing all mail processing facilities to be separated on an outgoing primary sort program."

a. Please confirm whether the Postal Service considering the elimination of existing mail preparation separations such as AADC, SCF, and 3-Digit and establishing some new preparation separations in support of "an outgoing primary sort program".
b. If confirmed, please provide a detailed explanation of any new preparation requirements the Postal Service is considering for the new network. If not confirmed, please explain fully the intent of the statement in the testimony.

RESPONSE:

a-b. Confirmed. Although the Postal Service anticipates changes in mail preparation requirements, these changes are currently being evaluated based on the AMP proposals approved and announced on February 23, 2012. Once determined, the changes will be accomplished through Label List Updates, and the transition will occur in accordance with the timeframe for completing consolidations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORIES

NAPM/USPS-T4-7. Please refer to page 18 of your testimony where you state, "[p]rocessing hours will be determined by the volume of mail. Full time employees will staff core production hours supplemented by a flexible workforce adjusted to daily staffing needs. By utilizing the flexible work force that the national labor agreements allow, management will be able to expand or contract production hours in concert with daily mail volumes."

a. Please provide a detailed explanation of the Postal Service's plans for keeping service commitments in cases where it is determined that the mail arriving prior to the CET exceeds scheduled resources available for processing it.

RESPONSE:

The Postal Service intends to achieve the objectives described in this portion of my testimony by scheduling additional resources or utilizing overtime hours.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO NATIONAL NEWSPAPER ASSOCIATION INTERROGATORIES

NNA/USPS-T4-1

Please refer to p 16 of your testimony where you state that "Because service standards for a portion of Periodicals is linked to First-Class Mail service standards, the Postal Service would revise the Periodicals service standards as well. The revision of 39 CFR Part 121.2 would modify the service standards for both end-to-end and destination-entry Periodicals within the contiguous United States, resulting in 2 service standards in the range of 2 - 9 delivery days."

a. Do changes in proposed Periodicals service standards relate to anticipated changes in First-Class transportation networks that may have carried Periodicals prepared to an Origin-Mixed (OMX) destination?

b. If your response is yes, has the Postal Service conducted any analysis of the percentage of Periodicals mail that presently is prepared to an OMX sort? If so, please provide results of the analysis.

c. Does use of an OMX sort and transportation option improve the service performance for Periodicals mail?

d. If your response to part c is yes, please explain how the OMX sort speeds delivery, improves productivity or otherwise helps the Postal Service to deliver Periodicals on time.

RESPONSE:

a. Yes.

b. No.

c. The service standards are aligned with the mail processing network.

d. Not applicable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO NATIONAL NEWSPAPER ASSOCIATION INTERROGATORIES

NNA/USPS-T4-2

On p 29 in your testimony, you predict a 15% improvement in productivity on UFSM 1000 flats sorting machines. Please refer to testimony of USPS Witness Rosenberg, USPS T-3, page 18, lines 5-6 where she indicates that UFSM 1000 machines were eliminated in her analysis of network rationalization.

a. Will UFSM 1000 machines continue to be used in any mail processing plant after network rationalization?

b. If your response is no, please explain how you determined UFSM 1000 machines would be more efficiently used in the new network?

RESPONSE:

a. No.

b. In the context of the testimony, the productivity improvement is associated with the workload processed currently on the UFSM, which would migrate to other platforms.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO NATIONAL NEWSPAPER ASSOCIATION INTERROGATORIES

NNA/USPS-T4-3

a. When newspaper Periodicals or Standard mail flats are sorted by machine, are they most commonly sorted on the UFSM 1000 machines? Please explain your response.
b. When UFSM 1000 machines are used, are they most commonly used in outgoing secondary sorts? Please explain your response.
c. Has the Postal Service analyzed the relative costs of sorting newspaper flat mail, regardless of mail class or product, on a UFSM 1000 machine as compared to manual sorting? If so, please provide that analysis.
d. If the Postal Service intends to retire UFSM 1000 machines in favor of manual sorting of non carrier route bundles of newspaper flat mail, how will that change in handling affect service in the proposed network realignment?
e. If a UFSM 1000 machine is used, what would be the start and end times as laid out in Figure 8 of your testimony?

RESPONSE:

a. No. In Fiscal Year 2010, less than 3 percent of Flats Mail was sorted on a UFSM1000. In addition, a significant portion of Standard Mail Flats is not sorted because some Standard Mail Flats are prepared directly to carrier route or 5-Digit, or are included in a saturation mailing.

b. No. Currently, less than 1 percent of Flats Mail sorted on a UFSM1000 is sorted through an outgoing secondary sort.

c. The data are provided in PRC Docket No. ACR 2011, USPS Library References USPS-FY11-11 and 23.

d. The Postal Service will maintain performance metrics based on service standards, and will work to maintain those service standards.

e. Not applicable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO NATIONAL NEWSPAPER ASSOCIATION INTERROGATORIES

NNA/USPS-T4-4
Do you expect the Postal Service to handle some mail that would have been "turnaround mail" for facilities scheduled for closings or reduction of operations through hubs that will prevent that mail from being hauled to a gaining facility for processing?

RESPONSE:

The Postal Service will make a determination regarding this issue based on automation compatibility, presort depth, and whether a location has the capability to sort the mail efficiently.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO NATIONAL NEWSPAPER ASSOCIATION INTERROGATORIES

NNA/USPS-T4-5

If your response to T4-4 is yes, please respond to the following:
a. Would such hubs be expected to handle carrier route and 5 digit containers destined for post offices within the former facility's service areas?
b. Does the Postal Service expect to handle some timely newspaper Periodicals mail in these hubs?

***

d. Do you anticipate that there will be at least one hub within the zone of every closing or reduced facility? If your response is no, please explain why.
e. Has the Postal Service set criteria for determination of the creation of such a hub facility? If so, please provide the criteria. If your response is no, will the decision on hub creation be left to the sole discretion of district or local managers?

RESPONSE:

a. Yes, to the extent that the use of the term "handle" in this context refers to cross-docking without explicitly stating sortation.

b. Yes.

***

d. The presence of a hub will depend on geographic coverage and logistical network requirements.

e. No. The Postal Service has not set criteria, and it anticipates that any decision on hub creation will not be left to the sole discretion of district or local managers.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/USPS – T4-1 On page 15 of your testimony, you state that "[m]ost PIRs find that actual net savings exceed what was originally projected."

(a) Confirm that the largest portion of net savings reflected in most, if not all, PIRs is a decrease in labor costs.

(b) Confirm that, in the vast majority of cases where actual net savings exceeded original projections, net savings as shown in the PIR exceed original projections due to the fact that workforce attrition was much greater than projected in the AMP.

(c) Confirm that the PIRs measure savings by comparing pre-AMP costs with costs at the time of the PIR, and therefore do not account for contemporaneous occurrences that would contribute to a decrease in costs, which could include decreased mail volume and workforce attrition.

(d) Confirm that the Postal Service offered a retirement incentive program during the time frame measured by most final PIRs to date.

(e) If (a), (b), (c), or (d) are not confirmed, explain why the statement(s) not confirmed is incorrect.

RESPONSE:

(a) Confirmed.

(b) Not confirmed.

(c) Confirmed.

(d) Confirmed.

(e) With respect to the response to subpart b, the net savings exceeded original projections not only due to consolidations but also due to continued workload reductions. Employee attrition allowed for these additional savings to be captured.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/ USPS – T4-6 On page 18, your testimony refers to a "flexible workforce adjusted to daily staffing needs."

(a) Please provide details regarding this flexible workforce and any plans made by the Postal Service for a flexible workforce adjusted to daily staffing needs.
(b) Please explain how the MPNR makes this flexible workforce possible or necessary.
(c) What estimates has the Postal Service made of anticipated needs for a flexible workforce?
(d) Have the flexible workforce needs been incorporated into the cost estimates for the reconfigured network? If so, please provide a library reference showing these estimates.

RESPONSE:

(a) The flexible workforce statement in this testimony refers to the use of Postal Support Employees, overtime, and Casual employees within the rules of the current respective collective bargaining agreements.

(b) The MPNR did not take into account any changes to the current collective bargaining agreements which provide provisions for workforce flexibility.

(c) Workforce flexibility needs were not explicitly estimated or quantified as part of MPNR.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/ USPS – T4-9 In Figure 5 of your testimony, as amended in your testimony errata, you set forth an operating plan for a "typical" plant. What percentage of plants operate on this operating plan?

RESPONSE:

This operating plan was provided to illustrate the general operating plan of mail processing facilities. It is our intention to standardize the operating plan across all plants. If it is determined that this cannot be accomplished at all locations, variations for any site will be subject to a rigorous approval process.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/ USPS – T4-10 In Library Reference 10 associated with your testimony, you calculate mean, median and average run times, down times and idle times across 892 different postal facilities.

(a) Please confirm that these calculations include facilities that have already been closed by the Postal Service (*e.g.*, Frederick, MD; Jackson, TN, Wilkes-Barre, PA) and facilities where a decision has already been made to consolidate operations into another facility (*e.g.*,Springfield, MA).

(b) After subtracting those facilities that have already closed and those for which the decision has already been made to close, how many of those 892 facilities remain?

(c) Please state whether you or anyone at the Postal Service calculated these figures across the remaining facilities identified in your response to (b). If so, please provide those figures.

(d) Please state whether these run times, down times and idle times for individual facilities were considered in past decisions to consolidate, or are being considered in the current MPNR process. If so, please explain how these times factor into the decision.

RESPONSE:

(a) Confirmed.

(b) The total count is 463 unique facilities based on a recent pull of end-of-run facilities. End-of-run maintains run data for all pieces of equipment by facility, including pieces of equipment that were phased out of the network over this time period such as CSBCS which is the reason for the dramatic decline.

(c) No.

(d) They were not. This data was provided to illustrate the amount of idle time within the mail processing network.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/ USPS – T4-11 On page 16 of your testimony, you state that "turn-around mail, which is currently forced into the overnight processing window, would be moved to the processing window for the following day, resulting in utilization of fewer resources and maximization of the processing capacity."

(a) Please confirm that turn-around mail will no longer be processed on the same day that it is entered into the postal system.
(b) Please confirm that this will result in longer processing and delivery times for local mail, even in those locations that will not lose a mail processing facility.
(c) Please confirm that if turn-around mail is not processed until Day 1 after its entry into the system, that local turn-around mail will not be delivered until Day 2 after entry into the system.
(d) If any of the above (a) through (c) are not confirmed in full, please explain why these statements are not correct.

RESPONSE:

(a) The Postal Service will still continue to process turnaround mail volume on the day it enters the postal system. It is intended to go through cancellation and outgoing operations.

(b-d) The Postal Service has always advanced mail provided sufficient capacity is available. If mail volume is available to run, we will advance mail as we have historically if sufficient processing capacity exists. This may lead to some turnaround mail volume being delivery point sequenced for delivery the next day if that scheme has not yet run.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/ USPS – T4-13 As part of the MPNR, did you consider the logistics of getting a substantially increased quantity of mail into and out of the facilities that would remain in the MPNR, including issues such as dock space, traffic patterns, truck access and wait times? If so, please explain how these considerations factored into the process of designing the MPNR network.

RESPONSE:

The Postal Service considered the logistics of increased mail quantities into and out of the facilities. Based on the new operating window, and the expansion of processing, it is expected that transportation patterns will be more spread out throughout the day, lessening the concerns listed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/ USPS – T4-16 Referring to Library Reference 44, USPS-LR-N2012-1/44:

a) Please explain what the column "SumOfWindow" represents.
b) Please confirm that these figures are sums across the entire Postal processing network, or, if not confirmed, please explain what these figures represent;
c) Please confirm that the national averages for % Processing time and % Operating time must remain below 100%, in order to allow for natural fluctuations in the amount of mail to be processed, or, if not confirmed, please explain why this is incorrect.
d) If (c) is confirmed, please explain what are the Postal Service's targets for % Idle time, % Processing time, and % Operating times, so as to allow sufficient excess capacity to accommodate fluctuations in workload among days and facilities.
(e) Did the Postal Service consider these excess capacity calculations, broken down by facility or geographical area, in determining which facilities to consolidate? If so, please identify the portion of the record in this case that discusses the process by which these calculations were considered.

RESPONSE:

(a) The number of hours that machines could have been available for processing. This is a calculation (20 hrs multiplied by number of machine-days).

(b) Confirmed.

(c) Confirmed.

(d) The Postal Service does not have targets for these items.

(e) These calculations were not utilized by the Postal Service to determine which facilities to consolidate. The determination of the facilities to consolidate is detailed in the testimony of witness Rosenberg (USPS-T-3).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY

NPMHU/ USPS – T4-17 The Commission's decision in docket N2006-1 noted that there is a remarkably wide gap in productivity among processing plants. Op., Dckt. N2006-1 at 42.

a) Please confirm that there continues to be a wide gap in productivity among processing plants. If not confirmed, please explain what has occurred between 2006 and the present to eliminate this wide variation.
b) The Commission's Opinion in N2006-1 noted that productivity varied by more than a factor of five across mail processing plants. Please provide the comparable figures for present day.
c) Did the Postal Service consider the relative productivity of facilities in deciding which facilities to close? If the answer is yes, please explain in detail how this was factored into the decision-making process.

RESPONSE:

(a) Confirmed.

(b) The data to perform such calculations is provided as part of USPS Library Reference USPS-LR-N2012-1/48.

(c) No, the Postal Service's process of identifying facilities for study as part of the AMP-408 process is laid out in the testimony of witness Rosenberg (USPS-T-3). The network design proposed does not allow for the comparison of existing productivity levels, as the redesign is proposing a new operating plan described throughout this docket which will allow for the smoothing out of mail processing windows, reducing the peak load issues within the mail processing network today. In addition, the ability to reduce equipment will provide the opportunity to maintain the best equipment sets throughout the mail processing network, which may change historical productivity patterns throughout the country.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES

NPMHU/USPS-T4-18 Referring to Library Reference 44 associated with your testimony:

(a) In response to NPMHU/USPS-T4-12, you state that "the 27% [idle time reduction] figure refers to the total amount of idle time in the mail processing network as seen in USPS Library Reference USPS-LR-N2012-1/44." Please provide the Excel sheet name, column number and row letter in which this 27% figure can be found within Library Reference 44.

(b) In the "Data" sheet of the Excel file contained in Library Reference 44, please explain why the % Idle time is calculated as Idle Time divided by Operating Time, whereas the % Utilization is calculated as the Operating Time divided by the Window time, and % Processing is calculated as (Run Time plus Down Time) divided by the Window time.

(c) Please confirm that calculating Idle Time by using Operating Time as the denominator rather than Window time results in large % Idle time calculations. If not confirmed, please explain why this is incorrect.

(d) Please confirm that Percent Utilized on the "Summary Sheet" is equivalent to "Pct Oper" on the "Data" sheet. If not confirmed, please explain the difference between these terms.

(e) Referring to the "Summary Sheet," please explain why the included formulas run to row 3027, but the rows on the "Data" sheet only run to 3000.

(f) Please explain why there are significant variations in the number of machines from week to week, for instance and solely as one example, why there would be 5 AFCS200 machines on Saturday, 11/20/10; 3 on Saturday 11/27/10; and 6 on Saturday, 12/4/10.

(g) Please confirm that, by averaging productivity numbers over a year's time from October 2010 to October 2011, the "Summary Sheet" data includes inefficiencies that may have been reduced during this time period, and therefore may overstate the remaining inefficiency. If not confirmed, please explain.

(h) Please confirm that, for instance, the FSS machine averaged 55% utilization and 19% idle time during the first week of October 2010, but 82% utilization and 16% idle time during the last week of September 2011. If not confirmed, please explain why this is incorrect.

RESPONSE:

(a) The library reference was identified incorrectly. The 27 percent figure appears in USPS Library Reference USPS-LR-N2012-1/10 – Materials in Support of USPS-T-4, cell reference G 2.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES

RESPONSE to NPMHU/USPS-T4-18 continued:

(b) % idle – This is the percentage of the Oper Time that is being recorded as Idle Time. It is a calculation using the following formula: SumOfIdleTime divided by SumOfOper_Time.

Pct Oper – This is the percentage of the available window that the machines (by type in column B) were in a processing run on the MODS date (in column C). It is a calculation using the following formula: SumOfOper_Time divided by SumOfWindow.

Pct Processing – This is the percentage of the available window the machines (by type in column B) were actively processing mail on the MODS date (in column C). This is a calculation using the following formula: SumOfProcessing divided by SumOfWindow.

(c) Confirmed. The use of the larger window time as the denominator would result in a smaller percentage. However, this calculation would not result in a correct representation of Idle Time.

(d) Confirmed.

(e) The summary formulae were written prior to the final data collection. Sufficient rows were reserved for the data, but presentation of the data did not require the use of some reserved rows. The appearance of rows 3001-3027 without any data has no effect on the results appearing on the Summary Sheet.

(f) The number of machines varies from week to week depending upon a number of factors, including the volume processed, the number of machines available, and the time allocated for operations.

(g) It is possible that the Summary Sheet data includes inefficiencies that have been reduced or increased over the October 2010 – October 2011 time period, and they might overstate or understate the remaining inefficiency.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES

RESPONSE to NPMHU/USPS-T4-18 continued:

(h) This is confirmed only if you allow for rounding. During the first 7 days of October 2010, the FSS reflects 55.11 percent utilized and 18.64 percent idle. During the last 7 days of September 2011, the FSS reflects 81.95 percent utilized and 16.09 percent idle.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES

NPMHU/USPS-T4-20 Please confirm that you[r] decision to utilize a 15 percent overall productivity increase, as stated in your response to POIR Request No. 1, Question 7(a), was based solely on your professional judgment and that there are no workpapers associated with your decision to use this figure. If not confirmed, please explain why this is incorrect and provide any workpapers.

RESPONSE:

Not confirmed. As stated in my response to POIR Request No. 1, Question 7(a), I began this process by assessing current end-of-run volumes and the current mail processing profiles, which are provided in USPS Library References USPS-LR-N2012-1/49 and 50. These data and workpapers formed the basis for my development of the overall productivity improvement expected through the mail processing network rationalization service changes proposal due to the smoothing of the mail processing profile made possible through the network proposed as part of this docket. My professional judgment led me to recognize that the full 28 percent reduction in staffing across all operations should be applied based on my understanding that not all operations will be perfectly distributed in the future network, as well as my consideration of many simplifications in the end-of-run analysis; therefore, I decided to decrease the estimate to the 15 percent overall productivity increase.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES

NPMHU/USPS – T4-21 Please explain in detail what effect, if any, the USPS decisions on the AMP studies announced on February 23, 2012, and published at http://about.usps.com/what-we-are-doing/our-futurenetwork/assets/pdf/communications-list-022212.pdf have on your estimates of productivity improvements, contained on page 29 of your testimony. If there is no effect, please explain why your productivity estimates are not affected by these decisions.

RESPONSE:

I expect no change to my estimates as a result of the AMP study decisions. The productivity estimates are based on the realignment of the mail processing window commensurate with the service standard changes proposed in this docket. They were not developed based on the count of AMPs approved or disapproved. Please see the response to Presiding Officer's Information Request No. 1, Question 7 for more information regarding the development of these productivity estimates.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORIES

NPMHU/USPS – T4-22 Referring to page 28 of your testimony, you state that "[r]educing to less than 200 sorting facilities allows for the elimination of AADC and ADC sortation." Assuming that the decisions announced on February 23, 2012, and published at http://about.usps.com/what-we-are-doing/our-futurenetwork/assets/pdf/communications-list-022212.pdf are implemented, how many sorting facilities will there be in the Postal network?

RESPONSE:

Please see the response to APWU/USPS-T4-27. The file cited in this interrogatory implies that there will be approximately 235 sorting facilities in the Postal Service network, and this number includes network facilities such as Network Distribution Centers, Remote Encoding Centers, and International Service Centers. In addition, this number does not include sites that are still under evaluation. From an ADC and AADC sortation perspective, the Postal Service anticipates that 148 sites will process primary letters, and 148 sites will process primary flats.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T-4-1

Please refer to page 2 of your testimony where you state, "Through Network Rationalization, the Postal Service can adapt its network and infrastructure to current and projected economic realities. The Postal Service must significantly reduce excess capacity and cut costs across the board. "

a. Please confirm that you use the term 'Network Rationalization' to describe removing excess capacity from the mail processing network. If not confirmed, please explain and provide a definition for the term.
b. Please, provide empirical evidence illustrating "excess capacity" for the mail processing network. Please provide and explain all calculations and data.

RESPONSE:

a. Generally, the term is being used to refer to the process in which the Postal Service applies an analytical approach to the redesign of the mail processing and transportation network in order to increase efficiency within the organization. In this case, the efficiency increases are based upon the reduction of pieces of mail processing equipment in the fleet, total miles traveled, and total work hours paid aligned with an adjustment to service standards.

b. Please see Library Reference USPS-LR-N2012-1/44 and the forthcoming response of Postal Service witness Williams to GCA/USPS-T1-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T-4-3

Please refer to page 30 of your testimony where you state that you used a method used to estimate the staffing for support personnel that is based upon a variety of factors. Please provide a library reference (or citation to existing library reference with specific file, worksheet, and cells identified) with all the data and calculations that were used to estimate the staffing support needed in the realigned network.

RESPONSE:

Please see Library Reference USPS-LR-N2012-1/45.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T-4-4

In questions PR/USPS-T-4-1 (b) you were asked to provide "empirical evidence illustrating 'excess capacity' for the mail processing network", the supporting calculations and data. In your response to PR/USPS-T-4-1 (b) you refer to USPS-LR-N2012-1/44.

a. Please, confirm that data provided in the worksheet 'Data' are extracted from MODS database or calculated using data from the MODS database. If not confirmed, please, provide the source of the data. Also please provide all formulas that were used to calculate data provided in the fields in worksheet 'Data'.
b. Please, provide the description of the fields (SumOfMach_cnt, SumOfRun Time, etc) in worksheet 'Data'.
c. Records provided in the worksheet data refer to a one year period from October 1, 2010 to September 30, 2011. Have you made any comparative calculations for the prior years?
d. Please explain why Down Time is included as part of Processing Time, and how it differs from Idle Time?
e. Please confirm that the difference between Window Time and Operating Time is time a machine is not down and not idle. If confirmed, please explain whether the Postal Service has a term for this amount of time, and please provide the name of the term (and definition, if different from the above description).

***

RESPONSE:

a. Not confirmed. The data on the data tab is an extract from the WebEOR (End of Run) system. For formulas, see response to subpart b below.

b. Data columns are as defined below:

a. (Untitled) – This is an index used to provide summarized data on the Summary tab. The formula used is a concatenation of the data in columns D and B.

b. Machine – This is the machine acronym.

c. ModsDate – This is the MODS date (0700-0659) that the data was pulled from.

d. DOW – This is the 3 character abbreviation for the weekday of the MODS date.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

RESPONSE to PR/USPS-T4-4 (continued):

e. SumOfMach_cnt – This is a count of the distinct machines (by type in column B) that ran on the MODS date (in column C).

f. SumOfRun Time – This is the number of hours that the machines (by type in column B) ran, as reported by the machine, on the MODS date (in column C). Run time is the time, during a processing run, when the machine is actively moving mail through the transport system.

g. SumOfDown Time - This is the number of hours that the machines (by type in column B) were down, as reported by the machine, on the MODS date (in column C). Down time is the time, during a processing run, when the machine is not able to run due to some maintenance type event (jam, e-stop, etc).

h. SumOfOper Time - This is the number of hours that the machines (by type in column B) were in a processing run, as reported by the machine, on the MODS date (in column C). Operational time is defined to be the difference between the time stamps (Start of Run and End of Run) reported by the machine.

i. SumOfIdleTime – This is the number of hours that the machines (by type in column B) were idle on the MODS date (in column C). Idle time is a calculation using the following formula: SumOfOper_Time minus SumOfRun_Time minus SunOfDown_Time. This represents the time that the machine is available, during a processing run, but not being actively used.

j. % idle – This is the percentage of the Oper Time that is being recorded as Idle Time. It is a calculation using the following formula: SumOfIdleTime divided by SumOfOper_Time.

k. SumOfWindow – This represents the available window, in hours, that the machines (by type in column B) were potentially available on the MODS date (in column C). It is a calculation using the following formula: SumOfMach_cnt times 20.

l. Pct Oper – This is the percentage of the available window that the machines (by type in column B) were in a processing run on the MODS date (in column C). It is a calculation using the following formula: SumOfOper_Time divided by SumOfWindow.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

RESPONSE to PR/USPS-T4-4 (continued):

m. SumOfProcessing – This is the total time that the machines (by type in column B) were actively being used to process mail on the MODS date (in column C). It is a calculation using the following formula: SumOfRun_Time plus SumOfDown_Time.

n. Pct Processing – This is the percentage of the available window the machines (by type in column B) were actively processing mail on the MODS date (in column C). This is a calculation using the following formula: SumOfProcessing divided by SumOfWindow.

c. No other comparative calculations have been made.

d. Down time is included as part of processing time because it occurs during the active run as a result of using the machine to process mail. Down time that happens outside of the processing run (e.g. major part replacement) is not reported as down time in this analysis. Down time differs from idle time in the nature of the event causing the machine to not run.

e. Not confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T4—4

In questions PR/USPS-T4-1 (b) you were asked to provide "empirical evidence illustrating 'excess capacity' for the mail processing network," the supporting calculations and data. In your response to PR/USPS-T-4-1 (b) you refer to USPS-LR-N2012-1/44.

***

f. What is the acceptable idle time in accordance with your analysis or other reliable analysis?

g. In accordance with machine functionality, could the machines operate without idle time?

***

RESPONSE:

f. The proposed operating plan was not developed using an idle time threshold.

g. No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T4—6

Please refer to LR-USPS-N2012-1/45, Materials Responsive to PR USPS-T4-3, LR45(Neri).xls. In the worksheet 'Assumptions' you state: "Facility Rankings were determined based on the following criteria:

A weighted index for proposed volume
A weighted index for possible number of 5 Digits serviced
A weighted index for possible Delivery Points
A weighted index for proposed Equipment Count
A weighted index for expected Facility Complexity

a. Please confirm that listed above are five factors that determined a facility ranking. If confirmed, please define complexity and how it was measured. If not confirmed, please explain.
b. Please explain the relative ranking of factors. For example: why is facility complexity weighted four times as much as the number of delivery points?

RESPONSE:

a. The factors listed above have been used to determine facility ranking. Facility Complexity gives credit to each facility for product variety (letters, flats, parcels), responsibility over both outgoing and incoming operations, responsibility over any associated Annex facilities, ASF status, and multi level facility status.

b. Based on the description above, Facility Complexity accounts for multiple mail processing distinctions within a facility. The possible delivery points encompass a single aspect of mail processing operations, and therefore more weight was placed on Facility Complexity.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T4—7

Please refer to LR-USPS-N2012-1/45, Materials Responsive to PR USPS-T4-3, LR45(Neri).xls. In the worksheet 'Assumptions' please define the sub-titles named 'OSS Stuffing' and 'OIE Stuffing.'

RESPONSE:

"OSS Staffing" refers to the Operations Support Specialist position within In Plant Support.

"OIE Staffing" refers to the Operations Industrial Engineer position within In Plant Support.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T4—8

Please refer to LR-USPS-N2012-1/45,Materials Responsive to PR USPS-T4-3, LR45(Neri).xls, worksheet 'P&DC-Annex Rollup'.

a. Please confirm there are 120 unique finance numbers.
b. Most of these finance numbers match the finance numbers that will be retained after network realignment, according to USPS-LR-20,FY2010_MODS_HOURS_SAS.xlsx. However, over 20 finance numbers do not match. Please explain why this worksheet does not contain the same finance numbers as the above-mentioned file in USPS-LR-20?

RESPONSE:

a. Not confirmed.

b. This analysis considered Facility Names, but not Finance Numbers.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORY

PR/USPS-T-4-10

Please refer to USPS-LR-N2012-1/57. Please provide a version of this library reference that includes the finance number and/or facility ID for each facility.

RESPONSE:

Please see USPS Library Reference USPS-LR-N2012-1/68 – Facilities in the Postal Service Network FN.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T4-12

Please refer to page 27 of your testimony where you state: "As processing windows are expanded and the workload is balanced across the mail processing day, the Postal Service would be able to manage processing operations effectively, match workhours to workload, and plan for peak load issues."

a. Please provide the details of the Postal Service's plan to deal with peak load issues, or alternatively, indicate that such a plan does not exist.
b. Please indicate the specific months, days, or tours the Postal Service identifies as being at risk of encountering peak load problems?
c. Please identify those facilities by facility number and, if applicable, months, days, or tours the Postal Service identifies as potentially encountering peak load problems.

RESPONSE:

a. The reference to peak load issues in the context of my testimony addresses today's environment in which mail must be sorted in a very short operational window that is not dependent on volume. In the proposed environment, all destinating First-Class Mail will be available for processing at a facility by noon. Accordingly, fluctuations in volume will be managed by an extension of the processing window, which is not possible in today's environment under current service standards.

b. This subpart refers to peak load issues in the context of seasonal fluctuations in volume. Please see the response to APWU/USPS-T1-4 for clarification of the modeling pertinent to this subpart.

c. Please see the response to APWU/USPS-T1-4.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T4-13

Please refer to your response to PR/USPS-4-4 (b) where you state: "g. SumOfDown Time – This is the number of hours that the machines (by type in column B) were down...". Please also refer to LR-USPS-N2012-1/44, Materials Responsive to PR USPS-T4-1(b), LR44(Neri).xls, worksheet 'Data'.

a. Please explain what a negative value for SumOfDown Time means? For example, 'SumOfDown Time on October 31, 2010 for AFCS was '-0.4886' (see, column G, line 29 of worksheet 'Data').
b. Please refer to worksheet 'Data' and note that there is no data for APBS for the months of October 2010, February 2011 and March 2011. Please explain if/why APBS was not running during those months, or, if the data was unintentionally omitted, please provide it.

RESPONSE:

a. This subpart refers to an error in the data appearing in USPS Library Reference USPS-LR-N2012-1/44. The inaccuracy arose from a reporting error attributable to a machine in San Antonio.

b. The APBS began deployment in Fiscal Year 2011. The data discrepancies identified in this subpart arose from the performance of equipment testing at that time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

PR/USPS-T4-14

Please refer to your response to GCA/USPS-T4-2 where you state: "the 487 figure referenced in the testimony was the count of network facilities as of September 15, 2011. The list of facilities...appear in Library Reference USPS-LR-N2012-1/57." Please also refer to LR-USPS-N2012-1/10, Materials in Support of T-4, file FY2010_EOR_RunDownIdle Time Lib Ref and your response to POIR 1, question 22 a. where you state: "The file, FY2010_EOR_RunDownIdle Time.xls was created by extracting raw Fiscal Year 2010 end of Run (EOR) Data for all EOR facilities (see list in column B), for all equipment at these sites, for all runs".

a. Please provide definition for End of Run (EOR) facilities listed in USPS-LR-N2012-1/10.
b. Please explain how EOR facilities listed in USPS-N2012-1/10 correspond to network facilities listed in USPS-LR-N2012-1/57.
c. Please confirm that 892 EOR sites listed in USPS-N2012-1/10 include all 487 network facilities listed in USPS-LR-N2012-1/57.
   i. If confirmed, please provide the description of other EOR sites included in USPS-N2012-1/10, but not included in USPS-LR-N2012-1/57.
   ii. If not confirmed, please explain what facilities listed in USPS-N2012-1/57 are not listed in USPS-LR-N2012-1/10, and the rationale.

RESPONSE:

a. The list of End-of-Run (EOR) Facilities in USPS Library Reference USPS-LR-N2012-1/10 reflects facilities that contained mail processing equipment and reported to End-of-Run in Fiscal Year 2010.

b. The EOR facilities listed in USPS-LR-N2012-1/10 do not correspond to the network facilities listed in USPS-LR-N2012-1/57. Network facilities have been defined by the United States Postal Service for purposes of reporting in the Annual Compliance Report. The Postal Service does not consider some smaller decentralized operations to be network facilities.

c. Not confirmed.

i. Not applicable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PUBLIC REPRESENTATIVE INTERROGATORIES

RESPONSE to PR/USPS-T4-14 (continued):

ii. End-of-Run contains only equipment data, and some facilities listed in USPS Library Reference USPS-LR-N2012-1/57 do not contain mail processing equipment.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

7. On page 27 of his testimony, witness Neri (USPS-T-4) states, "revision of service standards and the opportunity to streamline and consolidate facilities throughout the network are expected to generate productivity gains." On pages 29-30, figure 12, witness Neri provides estimates of mail processing productivity improvements.

a. Please provide all workpapers used to develop the estimates of improvements.

b. Please also provide separate productivity improvement estimates for the:

i. revision of service standards; and

ii. consolidation of facilities.

RESPONSE:

a. As described in my testimony, the productivity estimates relied on my operational knowledge and experience related to how the mail processing network currently works based on service standards, and how the mail processing network will work based on the realignment of service standards and the ability to balance the mail processing profile. I began this process by assessing current end-of-run volumes and the current mail processing profiles. These are provided in Library References USPS-LR-N2012-1/49 and 50. The Management Operating Data System (MODS) does not provide workload or workhours by hour. In order to assess the current mail processing profiles, I relied on the end-of-run system which provides the start and stop times of machines by operation. As discussed in Library References 49 and 50, we used all runs for the major letter, flat and parcel equipment types for the period 9/12/11 to 9/30/11. In order to determine a general sense of the operational profile, we utilize the start and end time-stamps of the operational run and spread the volume (pieces fed) across that time evenly.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

RESPONSE to POIR 1, Q7 continued:

Example:

Fed 100,000

Start 15:45

End 20:45

Spread:

1500-1600 5,000

1600-1700 20,000

1700-1800 20,000

1800-1900 20,000

1900-2000 20,000

2000-2100 15,000

These data were aggregated across the country by hour and type of mail: letters, flats and packages/parcels. They were used to calculate the needed complement, by hour, for each shape. Because the Postal Service must staff for an eight-hour tour, I found which hour of each tour required the most staffing and then compared the values for the needed complement busiest hour with the complement needed for the other hours of the tours. This showed substantial excess staffing due to the need to staff the peak hour. Next, I compared the current staffing required based on this profile to the staffing the Postal Service would need if volumes were spread evenly across each tour.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

RESPONSE to POIR 1, Q7 continued:

Based on this information, gleaned from the End-of-Run Data, if the Postal Service accomplished an even volume spread across all operations, there would be an approximately 28 percent lower staffing level across all operations. Based on my expertise, I recognized not all operations will be perfectly spread, and there are many simplifications in the end-of-run analysis, so I decided to utilize just a 15 percent overall productivity increase. The 15 percent productivity increase would be allocated across the various operations based on my knowledge of the operations and what I expected to occur based on the new processing profile. For example, letters currently have a very uneven mail processing profile (as shown in USPS-T-4, figure 11, which is based on chart 4 of Library Reference USPS-LR-N2012-1/49). This is why I expect that productivity improvement to be higher than the 15 percent. The current parcel profile is more even across the day, which is why I expect that productivity improvement to be lower.

All operations include inherent inefficiencies or idle time. Based on workload availability, this varies from one operation to another. As an example, based on my experience and judgment, platform operation efficiency is dependent on transportation profiles. This operation experiences a greater than average idle time. As such, I expect at least a 20 percent productivity improvement here.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

RESPONSE to POIR 1, Q7 continued:

b. The Postal Service did not generate separate productivity improvement estimates for the revision of service standards and the consolidation of facilities. Due to the inherent link between the revisions to service standards allowing for the expansion of the mail processing window leading to the significant consolidation of the mail processing network, the Postal Service estimated only productivity estimates for the mail processing network described throughout the testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

8. On page 14 of his testimony, witness Neri (USPS-T-4) states, "following implementation of an approved AMP, two post-implementation reviews (PIRs) are required. A PIR measures actual data before and after AMP implementation, comparing the projected savings or costs with actual post-AMP savings or costs. Most PIRs find that actual net savings exceed what was originally projected." On page 3 of his testimony, witness Williams (USPS-T-1) states that 114 AMP consolidations have been approved under the June 2008 network plan, with 11 studies currently ongoing.

a. How many AMP studies have been performed since 2008?

b. How many PIRs have been performed?

c. How many PIRs have found that actual net savings exceeded the original AMP projection?

d. How many PIRs have found that actual net savings did not exceed the original AMP projection?

e. Please provide a copy of all AMP studies and PIRs performed since 2008, including those related to facilities identified in this docket.

RESPONSE:

a. There were 118 AMPs completed before the Network Rationalization Initiative. An additional 186 AMPs were completed as part of the Network Rationalization Initiative.

b. As reflected in USPS Library Reference USPS-LR-N2012-1/NP12, 61 PIRs were completed and the studies were provided as part of the library reference.

c. Of the 61 completed PIRs, 57 found actual net savings exceeding the original AMP projection.

d. Of the 61 completed PIRs, 4 found actual net savings that did not exceed the original AMP projection: St. Petersburg, Mojave (destinating), Winchester, and Marysville.

e. Please see USPS Library Reference USPS-LR-N2012-1/NP12.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

9. On February 23, 2012, the Postal Service announced the results of the AMP studies it has undertaken concurrently with the instant proposal. Please provide a copy of the AMP study for each of the 264 facilities studied for possible consolidation. *See http://about.usps.com/what-we-are-doing/our-future-network/assets/pdf/communications-list-022212.pdf.*

RESPONSE:

Please see USPS Library References USPS-LR-N2012-1/73 and NP16.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

10. Please refer to Library Reference "USPS-LR-N2012-1/50," "LR.50.xls", worksheet "Sheet 1." Please confirm that the "Required Need Based on an 8 hour interval" identified in row 39 should reflect the following three tours: (1) 0600-1359, (2)1400-2159, and (3) 2200-0559. Please explain why the employment needs are based on the following three tours: (1) 0700-1459, (2) 1500-2259, and (3) 2300-0659.

RESPONSE:

The Postal Service confirms that the "Required Need Based on an 8 hour interval" identified in row 39 should reflect the three tours listed in the interrogatory. But the Postal Service does not confirm that the employment needs are based on the three tours listed in the last sentence of the interrogatory. The cited library reference does not identify traditional shifts. The Postal Service chose these particular timeframes and not the traditional shifts because the shifts were standardized to report volumes based on processing and delivery needs. In practice, employees are scheduled for a more varied series of shifts to cover each day.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

11. In response to POIR No. 1, question 7, the Postal Service filed LR-USPS-N2012-1/50, which contains employee workhours for Package, FSS, Flat, Letter, and Cancellation processing for the time period September 12, 2011 through September 30, 2011.

a. Tab "pkg_final" contains data for 187 facilities.

i. How many facilities operated package processing equipment during the time period specified by the Preface to LR50?

ii. How were the specific 187 facilities used for this analysis determined?

iii. Please provide the workhours disaggregated for each of the 187 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.

b. Tab "fss_final" contains data for 46 facilities.

i. How many facilities operated FSS processing equipment during the time period specified by the Preface to LR50?

ii. How were the specific 46 facilities used for this analysis determined?

iii. Please provide the workhours disaggregated for each of the 46 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.

c. Tab "flt_final" contains data for 290 facilities.

i. How many facilities operated flat processing equipment during the time period specified by the Preface to LR50?

ii. How were the specific 290 facilities used for this analysis determined?

iii. Please provide the workhours disaggregated for each of the 290 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.

d. Tab "ltr_final" contains data for 345 facilities.

i. How many facilities operated letter processing equipment during the time period specified by the Preface to LR50?

ii. How were the specific 345 facilities used for this analysis determined?

iii. Please provide the disaggregated workhours for each of the 345 facilities, by hour, for each day in the September 12, 2011 through September 30, 2011 time period.

e. Tab "can_final" contains data for 224 facilities.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNES NERI TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1 REDIRECTED FROM WITNESS MEHRA

15. On page 4 of her testimony, witness Mehra (USPS-T-7) states, "where practicable, BMEUs will remain in the impacted facility. If this is not feasible, acceptance units will be located within relatively close geographical proximity to the impacted facility and mailers will be allowed to retain their SCF discounts for the foreseeable future for mail entered at the BMEUs."

a. Please estimate the number of BMEUs that will remain open at impacted facilities.

b. What mail processing, acceptance, and transportation related operations will be necessary at BMEUs that remain open?

c. What equipment will need to remain at impacted facilities that continue BMEU operations?

d. How many employees at BMEUs at impacted facilities will continue to accept mail?

e. Please provide an estimate of the cost of keeping BMEUs open at impacted facilities.

f. Will there be a surcharge to mailers entering mail at an impacted facility?

g. What percent of mail volume does the Postal Service anticipate accepting at impacted facilities?

h. If mail is accepted at an impacted facility will it have the same service standards as mail accepted at an operational facility?

i. What is the timeline to phase out acceptance of mail at impacted facilities?

j. Please provide the workpapers used to determine the transportation costs of keeping BMEUs open at impacted facilities.

k. Please provide the workpapers used to determine the mail processing costs of keeping BMEUs open at impacted facilities.

l. USPS-T-4 at 29, figure 12, includes an estimate of platform operation productivity improvement of 20 percent due to the current proposal. How will the ongoing operation of BMEUs at impacted facilities affect this productivity improvement?

RESPONSE OF UNITED STATES POSTAL SERVICE WITNES NERI TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1 REDIRECTED FROM WITNESS MEHRA

RESPONSE to Question 15 (continued):

(a-k) [See January 10, 2012 responses of witness Mehra]

(l) The operation of BMEUs at impacted facilities will have no impact on this productivity improvement.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO TIME INC. INTERROGATORY

TI-USPS-T4-4. Your testimony, starting at page 9, describes the various types of machines used to sort parcels in mail processing facilities, e.g. the APPS, the APBS, the SPBS and the LIPS machines.

a. Please confirm that the machines you describe are also used to distribute bundles of Periodicals and Standard flats. Additionally, please describe the extent to which sorting of flats bundles is performed on each type of these machines and any changes in the use of each type of machine in the reduced network that you propose.

b. Of the various types of machines used to sort Periodicals and Standard flats bundles, which ones have the capability to read an IMB on the bundle?

c. How many APPS, APBS, SPBS and LIPS machines are deployed in postal facilities today, and how many will be deployed in the reduced network that you propose?

d. Is the Postal Service today contemplating any other type of bundle sorting machine? If yes, please explain fully and state how many such machines would be deployed in the network you propose.

e. For each type of machine used by the Postal Service to sort flats bundles, approximately what percentage of all ADC, SCF and 3-digit flat bundle sorts does it perform? For example, what percentage of such bundle sorting is performed on APPS machines?

f. In the modified and reduced processing network you propose, approximately what percentage of all ADC, SCF and 3-digit flats bundles sorts will be performed by each type of bundle sorting machine? For example, what percentage of such bundle sorts will be performed on APPS machines?

g. For flats bundles to non-FSS zones, approximately what is the probability today that they will be sorted on bundle sorting machines capable of capturing IMB barcodes on the bundles, and what will be the corresponding probability in the reduced and modified network you describe?

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO TIME INC. INTERROGATORY

RESPONSE to TI/USPS-T4-4 (continued):

a. Confirmed. The majority of flats bundles are currently sorted on these pieces of equipment and will continue to be sorted on these pieces of equipment in the proposed network.

b. APPS and APBS have the capability of reading an IMB on the bundle.

c. Current Scenario – 74 APPS, 194 APBS, 13 SPBS, 29 LIPS

Potential Future Scenario – 74 APPS, 199 APBS (Includes 183 as described in USPS Library Reference N2012-1/37) and 16 APBS to be located at NDCs. Note, NDCs are not under evaluation in this docket.

It cannot be overemphasized that the degree to which these machine counts will reflect any final network depends upon (a) the outcome of each of the AMP studies, (b) the amendments to 39 C.F.R. Part 121 that result from the market dominant product service standard rulemaking, and (c) any further modifications that result from consideration of the advisory opinion issued at the conclusion of this docket. Accordingly, this count is only illustrative, and is provided solely for the purpose of indicating the nature and magnitude of the changes that could potentially result from the network consolidation plan under review in this docket. This count should not be interpreted as reflecting that any decisions associated with the Request have been made or implemented.

d. The Postal Service is not contemplating purchasing, designing or building any other type of bundle sorting machine at this time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI TO TIME INC. INTERROGATORY

RESPONSE to TI/USPS-T4-4 (continued):

e. APBS – 4.13%

APPS – 45.37%

LIPS – 2.05%

SPBS – 48.45%

Note, these numbers represent FY 2011 workload, and the Postal Service began upgrading its SPBS to APBS during this time-frame, whereas the count by equipment in subpart (c) for the current environment represents a recent point in time.

f. In the modified network proposed, the Postal Service estimates approximately 40% will be processed on an APPS, and 60% on an APBS. Note, in the assumed future network environment, the Postal Service has assumed all SPBS will become APBS.

g. [This subpart has been redirected to witness Marc Smith (USPS-T-9) for response.]

1 CHAIRMAN GOLDWAY: Is there any additional
2 written cross-examination that participants want to
3 submit to the record for Witness Neri?
4 (No response.)
5 CHAIRMAN GOLDWAY: If not, that means we can
6 begin with oral cross-examination, and we have five
7 participants who wish to cross-examine Witness Neri:
8 American Postal Workers Union, AFL-CIO, Ms. Wood,
9 Greeting Cards Association, Mr. Stover, National
10 Newspaper Association, Ms. Rush, National Postal Mail
11 Handlers Union, Ms. Keller, and the Public
12 Representative, Mr. Laver. Anyone else wishing to
13 participate today?
14 (No response.)
15 CHAIRMAN GOLDWAY: If not, we'll begin with
16 the APWU. Ms. Wood?
17 MS. WOOD: Thank you, Madam Chairman.
18 CROSS-EXAMINATION
19 BY MS. WOOD:
20 Q Good afternoon, Mr. -- is it Neri?
21 A Neri, yes. Good afternoon. Thank you.
22 Q Great. I know that we have just met, but
23 for the record, my name is Jennifer Wood and I
24 represent the American Postal Workers Union. I hope
25 that I just have a few questions, but I guess we'll

1 just have to see how they go. Could you first turn to
2 page 30 of your testimony? And I'd refer you to lines
3 16 through 17. And that line states that the specific
4 management and craft staffing reductions --
5 CHAIRMAN GOLDWAY: Better speak into the
6 microphone.
7 MS. WOOD: I just realized.
8 BY MS. WOOD:
9 Q The specific management and craft staffing
10 reductions will not be known until all AMP feasibility
11 studies are completed and approved. So my question is
12 now that the studies have been completed, do you know
13 what these reductions will be?
14 A We do have the proposed reductions as a
15 result of the AMP studies.
16 Q Will that be made available for the record
17 in this case?
18 A They are available. I understand the AMP
19 studies to be a library reference as part of the
20 docket.
21 Q So, if we go through the AMP summaries or
22 their packets, that would include, we could add up
23 what all of the reductions are going to be?
24 A Correct.
25 Q And how was it, do you know -- well, let me

1 preface this with earlier in the week Mr. Williams
2 claimed that you were the AMP expert, and so I am
3 leaving this question for you. And if you want to
4 disagree, we'll just move on from there if so. So, in
5 the AMP packet, how was it determined how many workers
6 were going to be needed in the gaining facility? Were
7 your productivity numbers used?
8 A The determination of the number of employees
9 that would be necessary was based on the work hours
10 that the AMP package proposed, and based on those work
11 hours, we determined a full-time equivalent number of
12 employees based on the number of work hours that the
13 particular site in the package, the proposed gaining
14 site in the package, what the average annual work
15 hours were for those employees.
16 Q Okay. Did that number include the
17 productivity changes that you discuss in your
18 testimony?
19 A The work hours would effectively reflect
20 productivity changes.
21 Q That you discuss?
22 A Correct.
23 Q Okay.
24 A If I could just add to that. The
25 productivity changes that I discussed in my testimony

1 were utilized for the analysis that was completed by
2 Dr. Bradley and Witness Smith. And the AMP packages
3 were a process, an iterative process between
4 headquarters, our area offices and the local
5 management of the locations involved or included in
6 each particular AMP package.
7 Q Okay. So did you or someone at headquarters
8 then alert the local management when they were
9 completing these worksheets what your productivity
10 numbers were going to do to the work hour estimates?
11 A Yes. It was worked with them.
12 Q Okay. All right. Moving on, could you
13 turn -- well, now I'd like to just figure out where we
14 are on some questions that we had asked that you
15 didn't know the information to, and these are going to
16 be Interrogatories APWU USPS-T4-3, 4, 5 and 6. Are
17 you there?
18 A Yes, I am.
19 Q Okay. So, in Interrogatory No. 3, we asked
20 about the actual delivery profile of priority mail
21 compared to its profile now, and you stated that the
22 impact would depend on the results of the individual
23 AMP studies. Will you be updating that answer to
24 provide what the comparison is now that those studies
25 have been complete?

1 A That assessment is currently being developed
2 based on the capability, determining the capability
3 of, based on the priority mail service, performance
4 opportunity based on the capability of those locations
5 when it's analyzed on a pair-by-pair basis, so that
6 analysis is still being conducted.
7 Q Okay. But you do intend to provide it for
8 the record when it's complete?
9 A I don't. I was not intending to, no.
10 Q Okay. And do you know how long it would
11 take you to complete that analysis?
12 A That would have to be assessed. I could not
13 answer. It's not something that I am performing
14 personally, so that would have to be assessed and
15 could be determined if --
16 MS. WOOD: Okay.
17 MR. TIDWELL: If it will help expedite
18 matters, Madam Chairman, Michael Tidwell for the
19 Postal Service, I am aware that a zip-to-zip file is
20 being developed for cross products and as the service
21 standards rule changes are finalized and other related
22 network changes are determined and are flowed through
23 the profiles for various mail classes, the Postal
24 Service ultimately intends to publish a zip-to-zip
25 file for the service standard changes that are

1 impacted by this initiative.

2 MS. WOOD: Do you have any expectation of

3 when that will be?

4 MR. TIDWELL: Not off the top of my head.

5 MS. WOOD: Do you think it will be before

6 intervenor testimony is due?

7 MR. TIDWELL: I don't know when intervenor

8 testimony is going to be --

9 MS. WOOD: April 23 is --

10 MR. TIDWELL: -- anymore.

11 MS. WOOD: Fair enough.

12 BY MS. WOOD:

13 Q So I guess then your answer for APWU-T4-4,

14 which pertains to express mail, would be the same, as

15 would T-4-5, standard mail?

16 A Correct.

17 Q This is for completion of the record so that

18 I know that the information will hopefully be there

19 soon. And then the answer would be the same for APWU-

20 T4-6, which deals with the parcels?

21 A Correct.

22 Q Okay. APWU on March 13 had asked two

23 follow-up interrogatories of you. These are APWU 31

24 and 32. And as of this morning, we didn't have an

25 answer, so I'm wondering if you either know when the

1 answers will be available or if you could answer them
2 for us today.
3 A I apologize. I do not have the unanswered
4 interrogatories.
5 Q Okay. I will read them to you. If you
6 would refer to your answer to T5-6(c), which was
7 redirected to you from Witness Bratta, and it should
8 be in your packet. Well, let me just ask the question
9 in a different way. It doesn't have to be the exact
10 interrogatory. You had stated that the excess
11 equipment or the equipment that was to be deployed to
12 other facilities and the costs that would be incurred
13 for either storing or moving them would be
14 individually justified outside of the AMP analysis, so
15 does that mean that these costs of the excess
16 equipment were not considered in the AMP studies?
17 A The costs? Can you define the costs of
18 the --
19 Q The cost of moving the equipment, the excess
20 equipment, the equipment that you wouldn't need
21 anymore after the consolidations.
22 A If the equipment is being moved to the
23 gaining facility to be utilized by the gaining
24 facility, then the cost associated with that move is
25 included in the AMP package.

1 Q But what if that equipment is not moving to
2 the gaining facility but is going to be stored
3 somewhere or it's going to be broken down for parts or
4 otherwise disposed of or deployed?
5 A There are no costs included in the AMP
6 proposals for those scenarios which you just
7 described.
8 Q Okay. Do those costs show up anywhere in
9 the -- are they attributed anywhere in the final
10 calculations in this docket?
11 A Not that I'm aware.
12 Q So those costs were not subtracted from the
13 total savings that have been projected in this case?
14 A To the extent that I'm not even aware if
15 there are costs associated with that, they were not.
16 Q I'm sorry. So you don't know if there
17 would -- well, I mean, and maybe that's just because
18 you don't deal with equipment, is that right, that you
19 don't know what the cost would be for dealing with
20 excess equipment?
21 A With regard to the disposal or storage of
22 equipment.
23 Q Okay. But that you don't know.
24 A Correct.
25 Q Okay. You had stated, I quoted already,

1 that these costs would be justified outside of the AMP
2 analysis. I don't understand exactly what that means.
3 Could you provide some clarification and explain where
4 it would show up?
5 A If the equipment is used in another capacity
6 outside of the scope of the study, if it's being
7 redirected to a location other than the gaining
8 facility, which is included in the study, then the
9 costs would be attributed to that particular
10 initiative, the need being justified by what facility
11 is receiving that equipment, and the costs would be
12 associated to that particular need and move.
13 Q Okay. But it wouldn't necessarily show up
14 in any of the information that we have in this case.
15 A Correct.
16 Q Okay. Could I get you now to turn to
17 Interrogatory APWU USPS-T4-22? On this, I feel like
18 there might have been some misunderstanding in the
19 question or some misunderstanding from me in your
20 answer. In that question, we asked you if your
21 methodology assumed, this is in Subpart A, that every
22 person working during the peak load period of a
23 particular tour was working eight hours, and you had
24 answered yes.
25 And then we asked you if the percentage of

1 employees that were working for eight hours was
2 decreased because we know in reality not all of the --
3 well, I guess would you agree that not all of the
4 employees that work during the peak load hour would
5 actually work eight hours?
6 A I'm sorry, can you state that one more time?
7 Q No problem.
8 A Okay.
9 Q You make the assumption that all of the
10 employees that are working during the peak load time
11 would work eight hours, are working eight hours that
12 day, correct?
13 A For the purposes of the analysis that I was
14 performing to determine opportunities.
15 Q Right. Okay. But that's not actually
16 correct. I mean, there are employees that work during
17 that hour who are not in fact working eight hours.
18 A Correct. It was an assumption that was made
19 for the purpose of the analysis, following the
20 methodologies of that analysis.
21 Q Okay. So, if you were to take numbers that
22 were closer to the reality of how many employees were
23 working eight hours -- so, in Subpart B we asked,
24 suppose 20 to 30 percent of these employees were
25 working periods shorter than eight hours, would this

1 change your underlying assumption? Now you answered
2 that this would be greater, that the savings would be
3 greater, but intuitively, it sounds to me like your
4 baseline is going to be larger because you have
5 assumed that there is this eight hours.
6 So that's what you start with, and then you
7 look at what you can reduce based on these
8 consolidations, but you're already starting with an
9 assumption that isn't real. So, if you decreased your
10 assumption by 20 to 30 percent, would that then make
11 the difference smaller?
12 A From a standpoint of the methodology that I
13 applied for the purposes of the calculation, the basis
14 for the peak need or the need during the peak hour is
15 what drove my analysis, so it's really not applicable
16 to the analysis which I performed, so it doesn't
17 relate to it. In a reality, an operational reality,
18 it's looking at two different things. If you're
19 looking at just would there be fewer work hours used
20 if all employees were not eight-hour employees, then
21 yes, there would be fewer work hours utilized, but
22 that does not apply to the analysis which I performed.
23 Q I understand, but just to follow up then, so
24 if the work hours would be less under something
25 different than your methodology as compared to what

1 would happen after network consolidation,
2 rationalization, then your productivity number would
3 actually decrease?
4 A Yes.
5 Q Okay. Could you now turn to Interrogatory
6 GCA USPS-T4-12, and I'm specifically referring to
7 Subpart C, which asks, well, the entire questions I
8 think are trying to understand if there's a timeline
9 for implementing the current proposal and when, and so
10 I would like to know if you know what the expected
11 completion date would be for all of the changes.
12 A We expect to be fully implemented likely by
13 mid-calendar year 2013.
14 Q And is there for lack of a better word like
15 an itemized timeline with different sort of benchmarks
16 that you want to reach between this time and when you
17 say it would be completed?
18 A Yes. There is a project timeline currently
19 being developed which includes timelines for each
20 location that's being developed locally, and we expect
21 to have at least preliminary submissions from the
22 local level for headquarters' review at the end of
23 this month.
24 Q Okay. Well, is that something that you
25 could provide for us when it's available?

1 A That could be provided.

2 Q And so going along with that, is there a

3 plan in place, or how do you determine which

4 facilities are going to be consolidated first, like in

5 the order in which they're going to happen? Because I

6 assume you couldn't possibly do them all at once.

7 A The concept of, as best I could describe it,

8 the timeline for each facility is based on complexity.

9 And it's not a turnaround where all of the operations

10 would move out simultaneously for one location but may

11 be phased over a period of time. So our plan schedule

12 will identify, would be operation-specific as to what

13 operations would move on what date, and so at least

14 our preliminary assessment, which is being completed

15 at the local level and at the national level, we will

16 be reviewing those schedules to ensure that they all

17 synchronize because there is so much dependency.

18 We are a national network and those

19 schedules are all so dependent on each other that we

20 would ensure that synchronization. So the more

21 complex locations, the transition would be over a

22 longer period of time because of the individual

23 operational moves that would take place.

24 Q Okay. I understand that. You were

25 referring to we. Are you the person or your team that

1 has decided the order in which this will happen?
2 A The order of operations moving from any
3 particular facility, the plan, as I described it, is
4 being developed locally with the oversight of the area
5 offices, and again, review at the national level is
6 expected to make sure that synchronization is taking
7 place because of the dependency on equipment moves,
8 the dependency on operational moves between one
9 facility and another and the changes to the operating
10 plan that are going to occur.
11 Q Right. I understand that. So who at
12 headquarters would be reviewing this?
13 A That would be under my supervision. It is
14 part of my organization.
15 Q Okay. Thank you. So now could you please
16 turn to your response to APWU-T4-21? Your response
17 to -- are you there? Okay. Your response to Subpart
18 E states that local facilities are not precluded from
19 making adjustments to these co-processing modes based
20 on local conditions. Do you have an understanding of
21 what the expected adjustments will be or could be in
22 the co-processing of the volumes between the first-
23 class mail and the priority mail, like the parcels
24 that would be included in priority mail and those in
25 first-class mail? Because we have -- let me stop

1 there. Do you understand the question?

2 A Yes, I believe I do. It would be dependent

3 on the location and the equipment at each location, so

4 the opportunity of having either segmented processing

5 windows or combined processing windows on that

6 equipment would be very dependent at the local level.

7 Q And I appreciate that answer. I'm not sure

8 that it's exactly what I'm looking for. I guess I'm

9 wondering if there is any rules or ideas in place to

10 follow about how the co-processing is going to happen

11 that maybe you've recommended to the local areas

12 considering that the service standard changes for

13 first-class mail will be made, but we have been told

14 that within the priority mail and in the competitive

15 products they won't be changed. Will that be

16 affected?

17 A Perhaps I could describe it a little bit

18 better. Decisions on the co-processing are being

19 driven by equipment capacity and operating windows.

20 Also, it would be based on the service standards and

21 that capacity. So where there's opportunities to meet

22 the service standards and perhaps even exceed the

23 service standards, those opportunities would be

24 embraced, and where the capability exists, we would

25 accomplish that.

1 An example would be if the last handling
2 within a processing facility being the second, the
3 distribution of packages, for example, and priority
4 mail, if that's being sorted for a delivery unit and
5 the next touch of those mail pieces is the delivery
6 unit to be delivered by that letter carrier that day,
7 based on the service standards and the service
8 commitments for that mail, if there's an opportunity
9 to combine that, the decision could be made to combine
10 it. Those would be day-to-day operational decisions
11 which would be accomplished by the local managers.
12 Q Okay. Thank you. Could you give me an
13 example of how those opportunities might occur just so
14 that I get a better understanding of --
15 A That's what I just attempted to do, but I'll
16 try again. Based on service standards, if you have
17 two classes of mail and it's the last handling in the
18 processing facility and there's an opportunity to meet
19 those service standards and combine them and there's
20 the capacity of the equipment in order to accomplish
21 that, then locally they can make, they would have the
22 ability to make that decision to combine that.
23 Q I understand. Okay. Sorry. I knew it was
24 a risk of showing my inability to understand the exact
25 production. So here -- thankfully I was saved -- what

1 is going to determine if you have to downgrade the
2 zip-to-zip in those situations -- so there is the
3 possibility that some of the priority mail, while the
4 window will stay the same, or maybe it might be
5 downgraded, what is going to determine when that would
6 happen or if that would happen?
7 A I wouldn't make the assumption that we would
8 be making decisions to downgrade. The way I would
9 describe it is the capability of meeting those service
10 standards between pairs based on the network design
11 and achieving the point-to-point timeframe within
12 those service standards, that would be the determinant
13 as to what those service standards would be.
14 Q Will any of the priority mail be slowed down
15 in order to be able to increase the co-processing with
16 this other mail?
17 A No. There are no intentions to do that. It
18 would be based on the network capability.
19 Q Okay. I think this will be my last
20 question. This is about the AMP list that has come
21 out on February 23. We've heard this week I think
22 from a couple of people that there are 10 AMP studies
23 that are still underway, but when we've looked at the
24 list, we can only find six. So are you able to
25 identify the ones that are still underway?

1 A There are six and the number that I believe
2 was shared that does not align with the six was nine,
3 not 10. And the additional three are being evaluated
4 now or reevaluated now because they were earlier AMPs
5 that had already been approved but were not
6 implemented. They were held up because of the May 15
7 moratorium that had been put in place.
8 And since the decisions of the AMP proposals
9 that were announced on September 15, these three AMP
10 proposals were identified to be consolidated into
11 locations that are now identified to no longer
12 continue to be in place. So there are three proposals
13 that had already been approved that are now being
14 reevaluated for an alternate plan because the
15 locations where the consolidations were going to be
16 accomplished into are now identified as locations to
17 be --
18 Q Consolidated.
19 A -- consolidated. Correct.
20 Q Do you know, could you tell me the name of
21 those three locations?
22 A I can't recall off the top of my head. With
23 the numerous number of AMPs, I cannot recall with
24 accuracy off the top of my head, but that can be
25 provided.

1 Q Okay. I don't fault you for that one. So
2 do you know how long it would take? I mean, could we
3 get it early next week?
4 A We could receive it early next week, yes.
5 MS. WOOD: Thank you. With that, I think
6 that's all of the questions I have.
7 THE WITNESS: Thank you.
8 CHAIRMAN GOLDWAY: And now the Greeting Card
9 Association.
10 MR. STOVER: Thank you, Madam Chairman.
11 CROSS-EXAMINATION
12 BY MR. STOVER:
13 Q Good afternoon, Mr. Neri. I'm David Stover.
14 I represent the Greeting Card Association.
15 A Good afternoon.
16 Q Could you turn in your packet of
17 interrogatory responses to GCA USPS-T4-1 and
18 particularly Subpart A. You explain in that answer
19 that up until 2006 volumes were growing. And let me
20 first ask you, what categories of mail did you include
21 under volumes? Was that the entire system or first-
22 class, or what precisely did you mean by that?
23 A My response was based on a general
24 assumption of all volume.
25 MR. STOVER: Okay. Madam Chairman, I have a

1 single sheet cross-examination exhibit which I would
2 like to show to the witness and distribute.
3 CHAIRMAN GOLDWAY: By all means. You want
4 it labeled for the record?
5 (The document referred to was
6 marked for identification as
7 Exhibit No. GCA-XE-1.)
8 MR. STOVER: I have labeled it GCA-XE-1.
9 CHAIRMAN GOLDWAY: All right.
10 (Pause.)
11 BY MR. STOVER:
12 Q Now, Mr. Neri, you just told us that in
13 answering our interrogatory you were thinking of the
14 whole system, volumes for the whole system. Would you
15 after looking at this sheet agree that what you see is
16 labeled first-class mail volume up at the top?
17 A Yes.
18 Q Okay. If you've had a chance to run your
19 eye down the columns, would you agree that first-class
20 mail volume in total seems to have peaked in 2001?
21 That's the second column headed total class.
22 A I would agree that that is the data
23 reflected on this sheet, yes.
24 Q And then let's go to the next column, which
25 the next three columns are letters only. And I think

1 you would agree with me perhaps that 2001 was also the
2 peak year for first-class letters.
3 A Are you referring to the single piece letter
4 column?
5 Q No. It's the third column of the sheet.
6 A I'm sorry. I answered your prior question
7 based on the second column.
8 Q Okay. Let's go back. You see a column
9 headed total class.
10 A Correct. Total class.
11 Q And at 2001 there's a figure, 103,656.
12 A Yes.
13 Q And we agree that that was the peak for that
14 column?
15 A Yes.
16 Q Okay. In the same year row in the next
17 column over, which is total letters, there's a figure,
18 98,160.
19 A Yes.
20 Q And does that appear to you to be the peak
21 for that column?
22 A Yes.
23 Q Okay. I don't think we have to go on to
24 single piece and work share and cards because everyone
25 has a copy of this now. In connection with that and

1 recognizing that we were talking about different
2 applications of the term volume, volumes, would you
3 agree with the proposition that the mail processing
4 system is built largely around first-class mail?
5 A Our equipment inventory, particularly for
6 processing letter mail to the DPS level, is built
7 around first-class mail and its service standards.
8 Q Okay. Thank you. Now let's go to another
9 interrogatory. This is GCA-T4-9. And we wanted to
10 find out there whether a late arrival problem -- and
11 to give you a little background, this is something
12 that we had a discussion with Ms. Rosenberg about the
13 other day in the hearing session. The problem of late
14 arriving mail, we asked, is that a small, moderate or
15 large issue in terms of the carrier time that gets
16 used up in casing it manually?
17 And you told us in the answer, this is
18 Subpart A, that we should look at Mr. Smith's
19 testimony at pages 24 and 25, and we did. And what I
20 find on page 24 of USPS-T-9, Mr. Smith's testimony, is
21 a reference to 2,072 zones that are not being sorted
22 to the finest depth of sort and placed in DPS. Was
23 that the estimate or figure that you were referring us
24 to in your response when you --
25 A Can you point me to a copy of --

1 Q I'm sorry. It's page 24 of -- you don't
2 have Mr. Smith's testimony with you I suppose.
3 A No.
4 MR. STOVER: If I may approach the witness,
5 I will show him my copy.
6 THE WITNESS: Actually I apologize. I do
7 have a copy. What number is Mr. Smith?
8 MR. STOVER: Mr. Smith is --
9 THE WITNESS: He is T-9. T-9.
10 MR. STOVER: And the page reference is 24.
11 THE WITNESS: Just one second, please. Now
12 I may not have a recent copy. I'll assume, or perhaps
13 I should not assume, has there been any changes filed
14 for this page?
15 MR. STOVER: I believe not.
16 THE WITNESS: Okay. Okay. I have it.
17 BY MR. STOVER:
18 Q Do you have the page, Mr. Neri?
19 A Yes, I do. Yes, I do.
20 Q Okay. Let's go down to about line 12. And
21 Mr. Smith refers to 2,072 zones not being sorted to
22 the finest depth of sort. And my question at least at
23 this point is simply is that the estimate that you
24 meant to refer us to or the estimates on page 25 in
25 Mr. Smith's table that you meant us to refer to when

1 you said the estimates are provided in the testimony
2 of Witness Smith at pages 24, 25?
3 A It appears that I may have misunderstood the
4 question when it was answered, and what I was looking
5 at is estimated volumes that were in the table on the
6 page of his testimony. So, in light of the
7 description and another view of this question, it
8 appears that I did not answer the question that was
9 posed.
10 Q Now, by the volumes, you mean those in Mr.
11 Smith's second column there, annual volume added to
12 DPS?
13 A Yes.
14 Q Would it be your judgment just as we sit
15 here today that that could have other causes than late
16 arrival of the mail?
17 A What? I apologize. What could have later
18 causes?
19 Q The failure of this mail to be DPSed. I'm
20 sorry we have so many references to deal with at once
21 here, but in your testimony, your own testimony, at
22 page 12, toward the end you mention a late arriving
23 mail problem. Start at line 17 on page 12 of your
24 testimony, please.
25 A It appears that when I responded to the

1 interrogatory I was identifying, as you described,
2 around line 12 of Witness Smith's testimony the non-
3 DPS rather than any late arriving DPS due to any
4 operational issues, as described in my testimony.
5 Q Okay. So am I justified in inferring that
6 of the volumes that Mr. Smith shows as being added to
7 the DPS process that were mail that was not DPSed
8 before, not all of that might be due to late arrival?
9 There might be other reasons why it didn't get DPSed?
10 A Correct.
11 Q Okay. That's very helpful. Thank you.
12 Now, Mr. Neri, if you would, let's go to your response
13 to GCA-T4-24, and here we're particularly interested
14 in Subpart C. And in answer to our question about
15 possible plans or evaluations of optimizations that
16 would not require ending overnight delivery for all
17 single piece mail you pointed out that single piece
18 first-class seems to be declining faster than other
19 categories, and you said, and I quote, "Postal Service
20 management is of the view that defining a future
21 network based on the rapidly declining single piece
22 first-class mail product does not seem the most
23 prudent use of postal resources."
24 My question is when this project was being
25 thought about initially, was the ending of overnight

1 delivery just for single piece mail decided on as a
2 premise for the further work on the project, or was it
3 a preliminary decision or premise that there would be
4 no more overnight standard at all for first-class
5 mail?
6 A It was my understanding that the project was
7 pursued with the opportunity to identify within our
8 capabilities what portion of first-class mail we would
9 be able to continue to provide overnight service.
10 Q So, if I can put it a little crudely, the
11 original premise was to take it all away and then look
12 for opportunities to put some of it back.
13 A I'm not sure I would characterize it the
14 same way. I believe that from the onset the
15 opportunities for maintaining, determining what
16 overnight service can be maintained was part of the
17 initiative.
18 Q Okay. But the baseline if I could put it
19 that way was to at least put in question overnight
20 service for all first-class mail, single piece and
21 work shared, simultaneously looking for opportunities
22 to give some of it, some part of first-class mail,
23 overnight service.
24 A The opportunities to give some part of
25 first-class mail overnight service?

1 Q That's what I said, yes.

2 A My understanding from the onset of the

3 project, that when we were identifying opportunities

4 for expanding processing windows that would be

5 impacted by the overnight, that were constrained by

6 the overnight service standards, we accomplish it, we

7 would accomplish it with the objective of maintaining

8 as much possible of the overnight service standards.

9 Q I see. Thank you. Now here this is a point

10 of clarification I guess more than anything else. If

11 you could flip back to your response to GCA USPS-T4-

12 14. We had asked you, and the reference in your

13 testimony is line 13 on page 15, and you helped us out

14 by explaining that your reference to improving service

15 in the testimony meant improving service performance

16 and went on to say that the change in operating window

17 would allow the Postal Service to more consistently

18 deliver the service as proposed in the business rules.

19 That's your interrogatory answer or part of it. Are

20 we together?

21 A Are you referring to A?

22 Q Subpart A of your answer to T4-14, yes.

23 A I'm there.

24 Q Okay. So is it the case that the

25 improvement as you describe it here is basically an

1 improvement in consistency in the sense that there
2 would be fewer failures to achieve the service
3 standard under the new alignment?
4 A Correct.
5 MR. STOVER: If you will bear with me one
6 moment. Madam Chairman, I think that's all we have
7 for Mr. Neri. Thank you, and thank you, sir.
8 THE WITNESS: Thank you.
9 CHAIRMAN GOLDWAY: Now we have the National
10 Newspapers Association.
11 MS. RUSH: Thank you, Madam Chairman.
12 CROSS-EXAMINATION
13 BY Ms. RUSH:
14 Q Good afternoon, Mr. Neri. I'm Tonda Rush
15 with National Newspaper Association.
16 A Good afternoon.
17 Q All of my questions will be about the
18 establishment of the new hubs that may or may not come
19 into being in the place of closed facilities, so I
20 would ask you to begin by referring to your responses
21 to NNA USPS-T4 and T5.
22 A T4-4?
23 Q T4-4 and T4-5. Sorry.
24 A It appears that I do not have copies. My
25 book only goes up to T4-3. Oh, I might be in the

1 wrong section. Just give me one second. I'm in the
2 wrong section. Okay. I'm there.
3 Q You're there. Okay. Great. Thank you.
4 You said in response to Question 4 that the Postal
5 Service will make a determination about whether hubs
6 will be created based upon in part whether the
7 location has the capability to sort the mail
8 efficiently. Is that what you meant to say there?
9 Will the hubs be actually sorting mail?
10 A The expectation is that the mail would be at
11 a depth of sort that we could cross-docket to the
12 delivery units that are served by that entry location,
13 any particular entry location.
14 Q So you're not anticipating that there will
15 be much mail sorting going on in these hubs if they
16 come into being.
17 A At this time, not anticipated.
18 Q All right. We had a conversation with Mr.
19 Williams on this subject actually fairly extensively.
20 He said and I'll convey to you, I think my memory is
21 correct, that there might be a little bit of activity
22 in breaking down some containers if there are mixed
23 sortation bundles, for example, so that a three-digit
24 bundle could go on to the mail processing facility
25 while the five-digit bundle stayed in a turnaround

1 zone. I don't mean to convey Mr. Williams' testimony,
2 but do you imagine that that sort of thing could go
3 on?
4 A If the decision is made, it could take
5 place. I'm not familiar with Mr. Williams' decision
6 for it to take place. I would have to confer with Mr.
7 Williams to see if that's the direction that he is
8 proposing.
9 Q Have any decisions been made yet about any
10 hubs to be established in any of the areas that you've
11 identified for consolidation?
12 A The hub concept is a concept that currently
13 exists today, and part of the development of the AMP
14 proposals included the transportation necessary for
15 supporting the decisions of the particular AMP
16 proposals, and so the determination of a hub for that
17 transfer of mail was part of that process at the local
18 level. So what I anticipate is that as transportation
19 is more clearly defined, there would be an assessment
20 as to whether or not the assumptions in the AMP
21 package or AMP proposal were adequate or if in fact
22 there could be an opportunity for further savings with
23 the location of where the hubs exist or are being
24 proposed.
25 And I guess the way I could describe it is

1 if a particular location where we're currently
2 processing mail, if there are delivery units that are
3 currently being used as hubs today from that location,
4 as the transportation is being developed, perhaps the
5 geographic location, when you look at it in totality,
6 there may be some opportunities for adjustments to
7 what were actually put into the proposal. So I
8 believe that it would be more from a standpoint of
9 leveraging further opportunities.
10 Q So you see the possibility of a hub as
11 something that will pull further costs out of the
12 estimates that have been made so far as opposed to
13 adding costs in?
14 A I believe that that would be the objective.
15 As those transportation plans are further refined, I
16 believe that the possibility exists.
17 Q What would be the drivers of the cost
18 savings in those cases then?
19 A The geographic location and the number of
20 hubs in order to achieve the reduction of
21 transportation costs associated with those locations.
22 Now I'm speaking from an opinion standpoint, not being
23 a transportation expert, but understanding the overall
24 concept of the operation.
25 Q So, in concept at least, it would be saving

1 money not to send mail to places that it doesn't need
2 to go in other words.
3 A If the locations that are identified can be
4 identified as being more efficient.
5 Q More efficient in mail processing or in
6 transportation?
7 A In transportation.
8 Q In transportation. So you at this point
9 can't identify any AMP locations that have been
10 established for consolidation where there has been a
11 decision made yet to set up a hub?
12 A I would characterize what's included in the
13 AMP proposals as preliminary subject to potential
14 change.
15 Q All right. Have you seen any preliminary
16 costs in any of the recommendations that are
17 preliminary or cost savings?
18 A That's something that I would not be
19 responsible for.
20 Q That wouldn't come to you. So will those
21 decisions then be actually made in totality at the
22 district level or at the area level or at the
23 headquarters level?
24 A The way I understand it, it would be a
25 process that would be undertaken both at the local

1 level with oversight by the area and the headquarters
2 level.
3 Q And none of that will happen within your
4 organization or will it?
5 A Decisions on the locations based on the most
6 efficient transportation network would not be part of
7 my decision.
8 Q Whose decision would it be at headquarters?
9 A I believe it would be within the
10 transportation organization under Mr. Williams. Now,
11 if there are implications to operations, then I would
12 be included in that review.
13 Q Then they would come to you. So I asked you
14 some questions about what the criteria would be for
15 making these decisions, and you said in T4-5, Subpart
16 E that the Postal Service has not set criteria and
17 that it anticipates any decision on hub creation will
18 not be left to the sole discretion of district or
19 local managers. So should I infer from that that
20 there are criteria yet to come?
21 A I could not answer that from a
22 transportation standpoint.
23 Q Would you just look at your Figure 3 in your
24 testimony on page 9? This is the figure for flat mail
25 flow. I want to make sure I understand how this will

1 change in the new environment.

2 The hubs notwithstanding, really what will

3 happen to this diagram is that the outgoing primary

4 relationship will stay basically in the same relative

5 spot as it is in the diagram, it just will move

6 further away from maybe the BMEU or the cancellation

7 mail origin on the top part of this diagram. You'll

8 still have BMEU. The collection boxes, they'll still

9 go to an outgoing primary location?

10 A Yes.

11 Q Okay. So, if we assume that we've

12 established some sort of hubs, and I'm going to call

13 them transportation hubs since that seems to be what

14 you're considering them to be, where in the diagram

15 will those fit in? Do they fit in in the arrows right

16 after the cancellation mail and after the BMEU?

17 A This diagram represents the point -- the

18 start of this diagram is within the processing

19 facility, so it would be prior to this diagram from a

20 standpoint of any mail coming to the processing

21 center. And then it would be between -- at the very

22 bottom for dispatching out to the delivery units, it

23 would be just prior to the dispatching to the delivery

24 units.

25 Q So the hub would wind up between where it

1 says FSS past to and delivery unit is what you're
2 saying?
3 A Correct.
4 Q All right. But what happens if the BMEU is
5 no longer in the outgoing primary plant? Let's
6 imagine that a facility's closed or it's mostly closed
7 and a BMEU has been established or remains or has been
8 moved within the old zone. Then it wouldn't be
9 necessarily in the plant, right?
10 A The intentions are for the Postal Service to
11 maintain customer access through BMEUs at either the
12 location where they currently exist -- even if the
13 processing operations are moving out of that location
14 or in close proximity, if a decision is made to vacate
15 the space completely from a real estate decision
16 standpoint.
17 Q Is it your understanding that if a hub is
18 created that it can be an origin entry point? Let me
19 state this in a different way so you can understand
20 what I'm getting at here. In conversations with Ms.
21 Mehra today, I was given to understand that we may
22 wind up with a situation where there's a transfer hub
23 or a transportation hub set up to take the place of
24 the closing facility and there's a BMEU possibly in
25 that building but maybe nearby. In that scenario,

1 mail could be entered at that transportation hub, is
2 that correct?
3 A Yes. The mail would be entered through the
4 BMEU.
5 Q Through the BMEU.
6 A So, if there is a BMEU located there, the
7 mail could be entered through the BMEU.
8 Q A BMEU doesn't necessarily have to have the
9 mailing origin there though, does it? The physical
10 mail could be dropped in a different place than the
11 BMEU is in, isn't that correct?
12 A That's not my area of expertise.
13 MS. RUSH: Okay. All right. Madam
14 Chairman, I think we've established that the
15 transportation department has our answers. I have no
16 further questions.
17 CHAIRMAN GOLDWAY: Thank you. And now the
18 public representative? Oh, I'm sorry. This is the
19 second time today. You see, I'm getting tired.
20 National Postal Mail Handlers Union, Ms.
21 Keller.
22 MS. KELLER: I changed chairs on you today.
23 I think that's what it is.
24 This is Kathleen Keller for the National
25 Postal Mail Handlers Union.

1 CROSS-EXAMINATION

2 BY MS. KELLER:

3 Q Good afternoon, Mr. Neri.

4 A Good afternoon.

5 Q Ms. Wood asked you about the timeline for
6 implementation, and you referenced the project plans
7 being developed locally for those facilities that are
8 either gaining or losing mail processing facilities.
9 Is it accurate that there will also be changes,
10 operational changes, occurring at other facilities,
11 facilities that are neither gaining nor losing
12 facilities?

13 A Yes.

14 Q Is there a timeline for the operational
15 changes that will occur at those facilities?

16 A There will be project manager timelines
17 established for those locations as well for the
18 realignment of operating plans.

19 Q When are those due?

20 A I don't have a specific date for those. We
21 are beginning with what I described earlier that we're
22 targeting to have by the end of this month. So it
23 will be sometime after these initial timelines are
24 established, but I anticipate that it will likely be
25 during the spring.

1 Q And will you anticipate operational changes
2 at those facilities occurring in what month -- I
3 assume in 2012, so correct me if I'm wrong on that,
4 but what month in 2012 or months would you anticipate
5 that those changes would occur?
6 A We're expecting again the transition to
7 begin in all locations at the start of the process in
8 mid-May and then depending on the specific complexity
9 of the changes would drive the timeline itself. So
10 those activities could begin in those locations as
11 early as mid-May.
12 Q For those facilities that are neither
13 gaining nor losing facilities, are they going to be
14 experiencing the same types of changes?
15 A It would be the necessary changes to align
16 our workforce with the new schedules within those
17 facilities.
18 Q And would that happen nationally all at the
19 same time, or would that be a different date for each
20 facility?
21 A I believe it would depend on the local
22 conditions or circumstances within each of those
23 locations. Because we are dealing with a national
24 network, the synchronization with the exchange of mail
25 between facilities would help drive, would actually

1 determine the schedule itself.

2 Q In Library Reference 44 and Library

3 Reference 10, you've provided some great detail of

4 information regarding the operating times for your

5 equipment, and I'm hoping you can help me out with

6 understanding some of the specific categories.

7 I'm not sure that you actually need to

8 reference the Library Reference to be able to answer

9 these questions, but if it's helpful to you, please do

10 so and I'm hoping you can help put these terms in. I

11 understand roughly how they were calculated, but I'm

12 hoping you can help put them in layperson's terms so I

13 can understand better how these relate to what's

14 actually happening in the facility.

15 So, for instance, runtime, am I

16 understanding that correctly that runtime would be the

17 amount of time that the machine is actually feeding

18 mail through, that mail is actually running through

19 the machine?

20 A Yes. I would describe that as the time when

21 the machine is running and feeding mail.

22 Q Okay. And downtime, what would that be?

23 A That would be if in fact we experience -- we

24 measure downtime, it could be equipment breakdown that

25 disrupts the window of operation while it's undergoing

1 whatever necessary repair to bring that equipment back
2 on line.
3 Q Would that include the time to set up and
4 break down the machine?
5 A I believe that would be part of the runtime
6 if in fact the sort program is already loaded within
7 the operation. Otherwise, it would not be considered
8 part of that processing time if the sort program has
9 not been loaded yet.
10 Q Loading the sort program, would that be
11 considered part of downtime?
12 A No. The actual process of loading the sort
13 program, no.
14 Q Okay. When mail jams in a machine and the
15 jam has to be cleared, is that considered downtime or
16 is that considered part of the runtime?
17 A That's considered part of the runtime.
18 Q Idle time, how would you define idle time?
19 A Idle time would be the operating time which
20 is the end time minus the start time would be the
21 operating time, and minus the downtime and the
22 runtime -- if you subtract the runtime and the
23 downtime from the operating window itself, that would
24 be the idle time.
25 Q Okay. So, if I walk into a facility and a

1 machine is in an idle time state, what would it look
2 like? It's turned on, but no mail is being feed
3 through it?
4 A It's turned on and there's no mail pieces
5 being fed through the feeder.
6 Q Okay. It's essentially just waiting for the
7 mail to arrive?
8 A Right.
9 Q Okay. And now the difference between the
10 operating time and the window time? Window time is
11 greater than operating time, is that correct?
12 A Correct. The window time would be the wall
13 clock time.
14 Q Okay. So what is the gap between the
15 operating time and the window time? The machine is
16 turned off?
17 A It's not between the start time and the end
18 time of the actual sort program running.
19 Q Could you give me a concrete example?
20 A It could be what you described earlier where
21 the equipment is being set up, but the sort program is
22 not running. That would be an example of the
23 difference between the window and the run time. I'm
24 sorry, the operating time.
25 Q The window time is something less than 24

1 hours generally, is that right?

2 A It would be a measurement of a particular

3 operation and less than 24 hours because of

4 maintenance windows.

5 Q Okay. Okay, thank you. As part of your

6 testimony, you calculated idle time, and the purpose

7 of that calculation, and that was a sort of system-

8 wide calculation I believe of 27 percent, the purpose

9 of that calculation was to illustrate the existence of

10 excess capacity within the network? Was that your

11 purpose?

12 A Can you point me to the library reference

13 that contained the 27 percent?

14 Q I'm sorry, I don't have it at my fingertips.

15 I know there was a response to an interrogatory where

16 you corrected a previous statement. Let me ask more

17 generally, did you use idle time calculations for

18 anything in your testimony other than simply as an

19 illustration of the fact that there's excess capacity?

20 A Yes. Based on our earlier exchange or

21 description of the other variables, the idle time

22 within a processing window, because we may be waiting

23 for mail to arrive, I used that as part of the

24 opportunity of improving efficiencies because based on

25 our concept of with service standard changes and the

1 expansion of the processing window for DPS processing,
2 it provides us the opportunity to have that mail at
3 the start of the operation and not be in a situation
4 where we're running out of mail and being less
5 productive.
6 Q That sounds to me like a conceptual use of
7 it, which I'm not arguing with, but I want to
8 understand if you used the actual numbers, the actual
9 figures in any way when you calculated your estimates
10 of productivity increases?
11 A My approach to the productivity increases
12 took into consideration the idle time that existed and
13 it also took into consideration based on our employee
14 requirements, peak requirements, having the
15 opportunity of smoothing out those peak requirements
16 over the timeframe or the window of operation for
17 processing that mail and creating more of a consistent
18 flow of mail, the opportunity of the productivity
19 improvements, I estimated those productivity
20 improvements to be roughly 28 percent and then applied
21 provided to -- for the analysis conducted by Witness
22 Bradley and Smith, provided a conservative 15 percent
23 assessment understanding that there are impacts or
24 influences on that 28 percent analysis that I had
25 completed.

1 Q Okay. And this is as explained, you
2 explained in your response to the presiding officer's
3 information Request No. 1, Question 7 I think is where
4 you explain that process. My understanding of what
5 you've just testified and what you stated in that
6 response is that in order to do the initial
7 calculation arriving at that 28 percent figure you
8 just referenced, you looked at the end of run volumes
9 and staffing levels. Are there any other numbers that
10 you used to come up with that 28 percent?
11 A I believe that's an accurate description.
12 Q Okay. And then after having that 28
13 percent, you used your best professional judgment and
14 experience in the field, your knowledge of the
15 situation networkwide to adjust that, correct?
16 A Yes.
17 Q Okay. And there were not any actual
18 mathematical calculations associated with that
19 adjustment, is that correct?
20 A My attempt was to take a conservative
21 approach to ensure that we would have the capability
22 within that framework.
23 Q And those productivity improvements, if you
24 need to reference them, they're contained at pages 29
25 to 30 of your testimony, Figure 12. I read those as

1 being based on your professional judgment and
2 experience your best reasonable estimate, is that
3 accurate?
4 A Correct.
5 Q Okay. So because it's an estimate based on
6 your experience, it could be a little higher or a
7 little lower, is that fair?
8 A That's a fair statement.
9 Q Okay. And I'm assuming because this wasn't
10 derived through any sort of mathematical or
11 statistical method that there's no way for you to give
12 a confidence interval, for instance, to say that I'm
13 95 percent confident that it would be within a plus or
14 minus range of 3 percent?
15 A Correct.
16 Q I want to talk for a minute about the area
17 mail processing studies. Your office as I understand
18 it had a somewhat significant role in the approval
19 process for these, is that accurate?
20 A My office has a role in managing the process
21 and working with the field in their development of the
22 proposals, yes.
23 Q And did your office review these prior to
24 their approval by Mr. Williams?
25 A Yes.

1 Q Okay. In your review of each of these, did
2 you go through each piece and analyze it yourself, or
3 did you depend on, for instance, Mr. Bratta's office
4 and Ms. Martin's office to provide their analysis and
5 assessment of their respective responsibilities?
6 A There would be both a review by a team of
7 analysts on my staff that are involved in the
8 development and the constructing the proposal as well
9 as functional reviews as you just described.
10 Q Okay. Let me ask it a little more plainly.
11 So, for instance, the transportation portion of any
12 particular AMP, would your office do an independent
13 assessment and critique of that, or would you rely on
14 Ms. Martin's office for that?
15 A We would rely on Ms. Martin's office.
16 Q Okay. And the same for maintenance? Would
17 you do an independent critique of that, or would you
18 rely on Mr. Bratta's office?
19 A I would describe maintenance as the
20 maintenance group providing us a starting point of
21 information as a basis to then my staff work with the
22 field on developing the final proposal, which would
23 then be reviewed by Mr. Bratta's office.
24 Q Okay. The AMP, I've been calling them the
25 packets or studies that were filed as Library

1 Reference 73, I assume you reviewed those based on
2 your testimony just now. Were there additional
3 documents that you reviewed in connection with each of
4 these proposed AMPs?
5 A No.
6 Q Okay. There's been some reference in
7 testimony to the suggestion that the individual
8 facilities engaged in an exercise to perhaps map out
9 how the facility would accommodate the incoming mail
10 volume. Did you see anything like that?
11 A Map out? Can you define map out? I'm
12 sorry. From a transportation standpoint or?
13 Q No. I'm referring to actual square footage
14 of the facility of the gaining facility.
15 A Part of the overall review of the process in
16 one of the functional reviews includes operational --
17 network operations engineering at headquarters would
18 be an assessment of the capacity from a space
19 standpoint, so I could describe the dynamic
20 environment that exists, Witness Rosenberg's group
21 identifying equipment sets necessary for the facility
22 and the network engineering's group assessing the
23 capacity from a space standpoint of the facility.
24 They would be responsible for those reviews.
25 Q And network engineering, did they do that

1 based on the square footage of the facility, or do
2 they look at actual floor plans?
3 A It would include an assessment of floor
4 plans.
5 Q But those documents don't come to you as
6 part of the AMP package for review?
7 A No. It would be that function's
8 responsibility for that assessment prior and
9 recommendation to Mr. Williams prior to his approval
10 of the package and to the area vice president as well.
11 Q Do you know if the AMP packages contain data
12 on the amount of mail that is turnaround mail within a
13 losing or gaining facility?
14 A Not specifically where the amount of
15 turnaround mail can be identified, but the volume
16 would include turnaround mail. The way the AMP
17 package is constructed, you would have a workload or
18 volume by operation, so we would have a volume for
19 incoming operations and a volume for destinating
20 operations, outgoing operations and a volume for
21 incoming operations. So that turnaround volume would
22 be included in that workload, but it's not identified
23 specifically, quantified specifically in the package.
24 Q Is it something you could derive by
25 comparing any of the numbers that are in the document?

1 A It could be derived from additional data
2 mining of our data systems but not from the data
3 that's in the package. In other words, for the
4 purposes of the package, we obtain just the data that
5 we need from the data systems. Those same data
6 systems could produce that turnaround volume.
7 Q So, from that, I take it that you don't
8 consider it important or relevant to look at how much
9 of a facility's mail is turnaround mail in determining
10 whether to terminate the processing function at that
11 facility?
12 A It's included in the originating and
13 destinating operations within the package. So it's
14 the overall capabilities of the site to perform the
15 work, the total workload.
16 Q I have just a couple questions about
17 specific AMP worksheets, and I'm hoping you can help
18 me out if I give you an example AMP.
19 MS. KELLER: May I approach?
20 CHAIRMAN GOLDWAY: Certainly.
21 BY MS. KELLER:
22 Q This is the Colorado Springs AMP. If you
23 could turn to page 17 of this package, there's two
24 charts, one on the left for the losing facility and
25 the one on the right for the gaining facility which

1 has certain numbers associated with the amount of work
2 processed in that facility.
3 Column 6 on the left hand and Column 13
4 contains current productivity, and that appears to be
5 the annual TPH or NATPH, total pieces handled I
6 believe, divided by the current annual work hours. Is
7 that the figure you would look to if you wanted to
8 know what the productivity at these respective
9 facilities is?
10 A Yes.
11 Q And Column 3, which is annual FHP volume,
12 now that's considered, if you look in the line below,
13 it says total FHP to be transferred, and that's the
14 number you look at when you're figuring how much
15 volume is going to be transferred from one facility to
16 another, is that right?
17 A Yes.
18 Q In considering the amount of volume to be
19 transferred, is there a reason you look at FHP instead
20 of TPH?
21 A Yes. The FHP is the actual mail pieces.
22 TPH would include any additional handling -- multiple
23 handlings of the individual mail pieces, and that
24 ratio may be different from one site to another.
25 Q So that would include if there were multiple

1 sorts run?

2 A Primary, secondary distribution. Size of

3 machines. Number of separations. Density

4 differences. Finalizing more mail on primary

5 operations. So there could be different variables

6 that would drive that difference.

7 Q Thank you. That's helpful. I don't have

8 them in front of me, but I have seen in reviewing some

9 of these AMP studies columns where the current annual

10 FHP volume is said to be zero. Would that be an error

11 or a problem with data collection, or could that

12 actually be true?

13 A I'm not sure. I'd have to see the

14 particular example. I would not expect a processing

15 facility that is currently processing -- I would

16 expect there to be FHP volume.

17 Q If it's a non-mods facility, would that

18 cause that problem?

19 A Yes.

20 Q Okay. And in the AMP process, how do you

21 deal with that problem caused by if you're looking at

22 consolidating a facility that is a non-mods facility

23 and you don't have all the information that you might

24 wish to have? Are there additional forms that can be

25 filled out or additional ways to gather that data?

1 A There's an assessment of that workload that
2 would be included, and the actual process for that, I
3 don't have the detailed description of that.
4 Q You mentioned earlier in your testimony
5 today the calculation of projected or proposed annual
6 work hours at the gaining facilities. If you flip
7 forward in this example to page 23, I think that's
8 where we find the proposed annual work hours for the
9 gaining facility here, which is Denver. Can you
10 explain how it is that that's calculated?
11 A The proposed work hours is calculated based
12 on the current productivity at the gaining facility
13 with an expected productivity improvement as we
14 discussed earlier.
15 Q And then you add in the volume that's going
16 to be transferred over from the losing facility, is
17 that accurate, to figure out what the work hours are
18 going to be?
19 A It would be based on that added volume at
20 the expected productivity level.
21 Q And for those expected gains in
22 productivity, are you using the range of percentages
23 that you've identified on pages 29 to 30 of your
24 testimony? Is that what you used for the AMPs?
25 A That was used for the modeling conducted by

1 Mr. Smith and Mr. Bradley.

2 Q Okay. What expected productivity

3 improvements were used by the local areas in

4 developing the AMP numbers?

5 A That would be part of the iterative process

6 for each individual AMP proposal, and we would

7 determine that on a package-by-package basis, on a

8 site-by-site basis. We start with expectations and

9 then obtain input from the local level so that that

10 may be a starting point. The best way I could

11 describe it is the 15 percent can be a starting point,

12 some locations based on local knowledge. It could be

13 higher than that or it could be lower than that based

14 on that local input.

15 Q Can you produce for us the percentage

16 numbers that were used for each one of these to

17 determine the productivity enhancements?

18 A We would have to go back and recalculate it

19 for each individual package because our interests were

20 the results from that process.

21 Q Backup calculations weren't retained?

22 A I don't have that information.

23 Q Well, we can certainly submit an

24 interrogatory on that, but I think it would be helpful

25 given that that's the baseline for determining what

1 your staffing levels were going to be at the gaining
2 facilities, correct?
3 A Helpful to me?
4 Q Helpful to the intervenors and hopefully
5 helpful to the Commission.
6 A Okay.
7 MS. KELLER: That is all the questions I
8 have for you, Mr. Neri. Thank you very much for your
9 patience.
10 THE WITNESS: Thank you.
11 CHAIRMAN GOLDWAY: Now we have the public
12 representative.
13 MR. LAVER: Thank you, Madam Chairman.
14 To move things along a little bit so we
15 don't interrupt too much, I have two cross-examination
16 exhibits that I've shared with Postal Service counsel
17 during an earlier break. With your permission, I'll
18 share those with the bench and the witness and I'll
19 get to them when I get to them.
20 CHAIRMAN GOLDWAY: Thank you. By all means.
21 MR. LAVER: Thank you.
22 Christopher Laver on behalf of the Public
23 Representative.
24 //
25 //

1 CROSS-EXAMINATION

2 BY MR. LAVER:

3 Q Good afternoon, Mr. Neri.

4 A Good afternoon.

5 Q Welcome back to the Commission.

6 A Thank you.

7 Q Now the first question I have for you -- I

8 have a few questions about excess capacity, and the

9 first question I have for you, I'm going to refer you

10 to what I've marked as Public Representative Cross-

11 Examination Exhibit USPS-T4-1. It's that first page.

12 It's actually just, I'll represent to you, the summary

13 page from your Library Reference 44, so I just pulled

14 it out so it was a little bit easier to follow:

15 Now I'm looking at the idle time

16 specifically, so that first sheet at the top of the

17 page. From your understanding, is there a target or

18 ideal idle time for an operation?

19 A No.

20 Q Are you attempting to introduce idle time to

21 close to zero or as low as it can go?

22 A We're attempting to achieve as low as we can

23 go.

24 Q In your experience and in your expertise,

25 what do you believe is the lowest in an average

1 operation that you can get in idle time?

2 A Well, in the context of this analysis, it

3 would be to eliminate any disruptions to the operation

4 caused by lack of -- more volume that could be fed on

5 the equipment.

6 Q So, when you look at this sheet here and you

7 see that there are some operations some machines such

8 as the SPBS, the APPS machine, the APBS that are

9 significantly lower than the other machine in

10 operations, do you agree with that characterization

11 that those are significantly lower idle times than the

12 other machines?

13 A They are lower.

14 Q Do you believe as part of this

15 rationalization you'll be able to get those lower idle

16 time machines lower than they currently are?

17 A That would be our objective in any

18 operation, particularly if the availability of mail to

19 that operation creates a disruption to the continuous

20 flow.

21 Q Now, when you looked at idle time here, did

22 you compare it to idle time in previous periods,

23 either previous years or any other previous time, or

24 is this the idle time snapshot you looked at?

25 A For the purposes of this analysis, it was a

1 snapshot.

2 Q Okay. Now I'm going to refer you to your

3 response to NPMHU/USPS-T4-10, and I'm referring

4 specifically to Subpart D as in dog. Are you there

5 with me?

6 A Yes, I am.

7 Q Okay. Could you please confirm that you

8 were asked whether or not runtimes, downtimes and idle

9 times for facilities were considered in past decisions

10 and this current effort as part of the process and

11 then your response was that they were not considered,

12 that the data was only provided to illustrate the

13 amount of idle time within the mail processing

14 network?

15 A Correct.

16 Q Would you agree that one of the goals of

17 this initiative, and I think you just did, but this

18 might be repetitive, is to reduce idle time?

19 A Yes.

20 Q And to reduce excess capacity?

21 A Yes.

22 Q And from your earlier response to an

23 interrogatory and from our earlier conversation, you

24 indicated that idle time is representative of excess

25 capacity, is that correct?

1 A Idle time contributes -- there's an
2 opportunity to reduce, to improve -- there's an
3 opportunity to reduce excess capacity by reducing idle
4 time.
5 Q So maybe I can clean it up. Idle time can
6 be an empirical measure of excess capacity? Is that
7 an accurate assessment?
8 A It can be a variable that would drive excess
9 capacity.
10 Q Now can you explain based on your response
11 to T4-D, you said that it was not considered. Can you
12 explain why you would not consider idle time as a
13 measure of excess capacity in the current initiative?
14 A The purpose of identifying idle time in this
15 analysis was to determine how we could redesign the
16 network with fewer facilities and less equipment. And
17 in addition to the idle time during the processing
18 window, we also looked at the hours that the equipment
19 is currently not processing mail.
20 So it's the idle time within the processing
21 window, which is what this analysis includes, plus the
22 hours that the equipment is also not running and
23 aligning the proposed operating plan and operating
24 windows which could be achieved with the service
25 standard changes so that we can reduce the amount of

1 equipment used by expanding that window of operation
2 and reduce the number of facilities.
3 Q So, if I can paraphrase, your response to D
4 is not that they really weren't -- or shouldn't have
5 been, not that they weren't used but that they were
6 used in conjunction with these other things that
7 you've described.
8 A In the prior AMPs prior to this initiative,
9 those AMPs were considered based on today's service
10 standards, so there was no inclusion of analysis of
11 expanding those operating windows.
12 Q I can move on from that. So I'm going to
13 direct you to your response to GCA/USPS-T4-7.
14 CHAIRMAN GOLDWAY: I think just before we go
15 on, let's clarify. Did you want this to be an exhibit
16 that's transcribed so readers can follow it?
17 MR. LAVER: No, Madam Chairman. It's from
18 the summary page of Library Reference 44, so it's
19 already in the record.
20 CHAIRMAN GOLDWAY: So it's already in the
21 record.
22 MR. LAVER: I produced it so that both the
23 Commissioners and the witness could follow it easily.
24 CHAIRMAN GOLDWAY: Okay. Go on to your next
25 question.

1 MR. LAVER: Thank you, Madam Chair.

2 BY MR. LAVER:

3 Q So could I refer you to GCA/USPS-T4-7? And

4 I think you'll agree with me, this is where you're

5 explaining about basically smoothing the arrival of

6 the mail to be able to better anticipate when it's

7 coming in? Is that an accurate summary?

8 A Smoothing the arrival of the mail and also

9 the mail being available to the operation and not

10 waiting for that mail to arrive.

11 Q That's very helpful. So after the

12 relaxation in service standards and after in your view

13 that this window will be opened up, do you view that

14 that will entirely eliminate the problem of late-

15 arriving mail or mail that's not available to process

16 at the beginning of the window?

17 A It should provide an environment where all

18 the mail would be available that's exchanged between

19 facilities at the start of the processing window.

20 Q Do you envision any circumstances where it

21 might not happen?

22 A If there's catastrophic failure or downtime

23 of a facility going down, there may be a disruption.

24 Traffic, the truck that's transporting the mail

25 involved in a traffic accident. That could delay.

1 We've had situations where the truck or the trailer's
2 involved in a traffic accident and we may not recover
3 that mail until the next day. There are situations
4 that would occur. I would categorize them as being
5 very, very infrequent.
6 Q So they would be infrequent basically
7 catastrophic events that disrupt service?
8 A Correct.
9 Q And I don't think we can hold you
10 accountable for those.
11 A Thank you.
12 Q So would you agree that let's say in these
13 infrequent events when things do arrive late, when
14 something does happen, with this window now being
15 longer and with the machines being idle less in your
16 new processing environment, could it mean even further
17 delays than you would currently experience since at
18 the moment you might have two hours idle time on a
19 machine a day in a rather extreme case on some of
20 those and you would just be able to pick it up in that
21 idle time? When you have less idle time and less
22 capacity, do you foresee the possibility that things
23 would be pushed further by these sort of events in the
24 future network?
25 A I believe I understand your question, and

1 no, actually because of the capacity that was built in
2 by the equipment sets that are being deployed by these
3 locations based on Witness Rosenberg's modeling. It
4 was planned for peak periods. And as well as the
5 operating window itself, we planned an operating
6 window to run until 4 a.m., so there is flexibility
7 there in order to complete the operation, dispatch the
8 mail to the delivery units in time to meet the service
9 commitments.
10 Q I think I may have confounded the question
11 by making it a little bit too much at once. I wasn't
12 really referring to peak load. I meant more in these
13 at least what you referred to a moment ago as
14 exceptional or catastrophic events that might delay
15 the mail. So, if you have a truck in an accident and
16 it's delayed four hours, will it now have longer to
17 wait until the processing window opens for it again
18 for that first pass of mail for things that were on
19 that truck than it does in the current environment?
20 A I'm sorry, would it have longer?
21 Q Longer to wait.
22 A Would the --
23 Q A hypothetical example might make this a
24 little bit easier.
25 A Okay.

1 Q So, at the moment, you have your FSS window
2 from noon until I think it was 6 a.m.? I won't hold
3 you to the number. This is a hypothetical. So, if
4 you could assume that the FSS window is from noon
5 until 6 a.m. and then all of your mail would have to
6 be at the processing facility by noon and if there's
7 one of these traffic accidents or something, it would
8 now have to wait until the next day FSS window to
9 start if it arrived at say 2:30 or 3 p.m.
10 A Only if the sort program at the start at
11 noon has been completed. In fact only the portion of
12 what's on that truck for that sort program or any sort
13 program that would be missed in that processing day
14 would have to wait for the next day.
15 Q So, to the degree that it could hit the
16 first pass, it wouldn't be delayed. But to the degree
17 that it came beyond that first pass, it might be
18 delayed more than it currently would in the current
19 environment.
20 A It may be. There are other processing
21 decisions that could be made. If there is an AFSM-
22 100, there's the opportunity not to sequence the mail,
23 walk in the order that the letter carrier delivers it,
24 but we may be able to carrier route that mail and make
25 the decision to dispatch it to the delivery unit from

1 the AFSM-100. So there are other operational
2 decisions that could be made with the intention of
3 protecting the service.
4 Q Very good. That's very helpful.
5 Now I'm going to refer you to the preface of
6 Library Reference 50, and I have some questions to
7 make sure that I understand how you arrived at
8 calculation of the 28 percent excess capacity.
9 I guess I should back up just a little bit
10 first. Would you agree with me that there's a
11 relationship between productivity improvements and
12 reduction in excess capacity?
13 A Not necessarily. It could provide the
14 opportunity for more workload to be added to the
15 equipment. The productivity improvement unless you
16 add more work could increase the excess capacity
17 because the operation is more efficient.
18 Q Sure. I guess we have to make a basic
19 assumption that there's enough work for the
20 productivity improvement to capture excess capacity.
21 So, when you close a facility and you have more mail
22 to move, as you said, to another facility, you have
23 more work. So, if you can improve the productivity,
24 you can eliminate the excess capacity. Is that an
25 accurate statement?

1 A You would be able to add more workload to
2 the equipment.
3 Q Is there a tradeoff between adding the
4 workload which is increasing your productivity and the
5 resulting decrease in excess capacity? Is it two to
6 one?
7 A I just don't follow the line of --
8 Q Would you expect say a 10 percent reduction
9 in excess capacity to mirror a 10 percent increase in
10 productivity?
11 A No. The productivity will be independent of
12 filling the processing window with additional volume.
13 The productivity improvements were determined or based
14 on the prior description which we went through, and
15 the productivity improvement may provide the
16 opportunity for more work to be added, but it wouldn't
17 reduce excess capacity.
18 Q Okay. That's fair enough. So back to the
19 preface of Library Reference 50 here, and you went
20 over this a bit with counsel for NPMHU, but just to
21 confirm, this preface indicates that you took five
22 mechanized operations and obtained web EOR data runs
23 for those five operations and for several machines
24 within those operations, and that's how you calculated
25 excess capacity in your testimony for those

1 operations?

2 A Yes. The calculation that I performed is

3 based on the work that's being performed in those

4 categorized groupings of machines. What I identified

5 is the peak employee needs based on the work that's

6 being performed. So I took the work that's being

7 processed on each of those machines, divided it by the

8 productivity to identify the number of employees that

9 would be used during those one-hour segments.

10 Q Okay. And now if I could refer you to page

11 29 and 30 of your testimony. This is your Figure 12

12 which has that list of productivity improvement

13 estimates that you developed.

14 A Yes.

15 Q So pulling out the five line items in there

16 that were mentioned in the preface as pulling data

17 from web EOR and making an empirical analysis, you

18 would say that, for example, for OCR, which is the

19 second one there, that 22 percent was your estimate?

20 A Yes.

21 Q And was based on your managerial expertise

22 without reference to cost data or some other empirical

23 analysis or data set?

24 A Correct.

25 Q Same for SPBS non-priority, that precisely 8

1 percent was developed based on managerial expertise?
2 A Correct.
3 Q And same for SPBS priority and everything
4 underneath it but for cancellation, is that correct?
5 A Correct.
6 Q Now, going back to the five operations where
7 there's data-driven analysis to show excess capacity,
8 do you believe it's true that other both mail
9 processing operations such as sorting, dumping, moving
10 and prepping as well as non-mail processing operations
11 like breaks, lunch and training occur?
12 A I'm sorry?
13 Q So I want to confirm again that the excess
14 labor capacity calculation for those five operations
15 was based on those five operations alone. That's
16 accurate?
17 A Correct.
18 Q And only certain mechanized operations
19 within those operations?
20 A Correct.
21 Q Isn't it true that there are other mail
22 processing operations besides mechanized sorting such
23 as dumping, moving and prepping and then there are
24 other activities that are not even related to mail
25 prepping such as breaks and lunch, et cetera?

1 A Yes, it's true.

2 Q Okay. Is it likely that some of those

3 excess mechanized sorting labor hours that you

4 calculated based on this data are being used to

5 accomplish these things other than mail processing

6 operations?

7 A Can you repeat that, please?

8 Q Is it likely that some of these excess for

9 these five mechanized operations that you developed

10 the quantitative estimate, is it likely that some of

11 these labor hours are being used to accomplish these

12 other activities, whether they are nonmechanized or

13 whether they're even clocked out for breaks or lunch?

14 A I think I understand what you're asking.

15 The likelihood, I think there's an assumption that

16 there is an easy shift of employees from one operation

17 to the other. I guess the way to envision this is

18 that the mail arriving to these operations is not such

19 that there are starts and stops with long segments of

20 time where we can efficiently move an employee from

21 one operation to the other. And also, there are

22 contractual obligations under our collective

23 bargaining agreements as to the utilization of

24 employees as well.

25 So the segments in time of those

1 inefficiencies created by waiting for mail may be
2 short in duration, which would accumulate to the idle
3 time that occurs within that processing operation. So
4 there may be some opportunities, but I would not
5 describe them as an efficient way of managing the
6 workforce.
7 Q But would you agree that when you calculate,
8 when you do a quantitative calculation of the excess
9 capacity that you're now calculating a productivity
10 improvement that includes a productivity improvement
11 for these nonmechanized operations that are part of
12 this calculation or part of the data?
13 A No, I applied my experience for those areas
14 because those areas, there are examples of those areas
15 included in the chart.
16 Q Okay.
17 A And that's where I applied my judgment and
18 experience.
19 Q So you used your judgment and experience to
20 offset some of the productivity gains that you would
21 expect from --
22 A I identified productivity gains that could
23 be accomplished in those other operations as well
24 based on the processing windows and the availability
25 of the mail in those operations as well.

1 Q That's fair enough. I'd like to know a
2 little bit more about where you drew the sample of the
3 web EOR volumes that, again, we're referring to
4 Library Reference 50. In the preface, again, you
5 state that you pulled this data between September 12
6 and September 30, 2011, is that accurate?
7 A That is accurate.
8 Q Now every other witness we've had that's
9 been dealing with data and matching data to a
10 particular year has looked at FY 2010. Can you
11 explain why you used FY 2011 instead of FY 2010?
12 A At the time of the analysis, it was
13 available and readily available, and I picked a period
14 in time where I did not want to misrepresent the
15 calculation, so that's why I picked what's considered
16 a heavier volume period.
17 Q So even though when Witness Bradley is
18 looking at a full up cost savings analysis based on FY
19 2010, he's looking at your FY 2011 data?
20 A It was used only for productivity purposes.
21 Q Okay. Now I just have a couple more. Now
22 I'll represent to you -- and I'm going to be
23 discussing your 15 percent productivity gain that's
24 used as the baseline in your testimony. And I'll
25 represent to you so you don't have to switch back and

1 forth here since it takes some time that in your
2 response to POIR Question 7, you said that if the
3 Postal Service accomplished an even volume spread
4 across all operations, there would be approximately 28
5 percent lower staffing level across all operations.
6 And I'll end the quote there.
7 But due to simplifications in end-of-year
8 run calculations, you used 28 percent to estimate
9 excess labor capacity. You used 15 percent instead
10 overall productivity increase, which was allocated
11 across the various operations based on your knowledge
12 and experience. And you offered two examples to
13 justify this method. First you said that letters
14 would have a higher than average productivity
15 improvement because their mail volume is very uneven.
16 And then in contrast, partial profiles led you to
17 expect a productivity improvement that was well lower
18 than 15 percent.
19 Now, looking at your testimony on page 29 to
20 30, is it accurate to say that the only productivity
21 improvement that appears greater than 28 percent is
22 registry?
23 A Yes.
24 Q And again, I'm talking about the calculation
25 of the excess capacity, and I'll refer you to what

1 I've marked as PR Cross-Examination Exhibit USPS-T-4-
2 2. It was a sheet that I handed out to you. It was
3 underneath the top sheet.
4 A I'm sorry. I've got it.
5 Q That's perfectly all right. These are not
6 your calculations. I will represent to you that using
7 your methodology that my analysts calculated excess
8 capacity by operation using the same mods data that
9 you used in your calculations. Would you agree that
10 productivity calculations may be more accurate if
11 they're done at the operation level?
12 A The way they're represented here?
13 Q Assuming that that is correct, yes.
14 A I couldn't characterize it as more accurate
15 or as accurate. I would have to calculate it to
16 determine if it's more accurate or as accurate.
17 Q I guess from a general level, if you had
18 calculated excess capacity at an operation level
19 instead of at a more general level, would you believe
20 that that calculation would be more accurate than what
21 was presented in your testimony in the library
22 reference?
23 A It potentially could be.
24 Q It potentially could be? Could you explain
25 why it could not be? I'm not trying to quibble with

1 you.

2 A Right.

3 Q By saying it potentially could be, I sense

4 hesitation on your part in saying that it could not be

5 as well.

6 A Well, in a general description, there

7 looking at it at a more micro-level, it would likely

8 be more accurate, yes.

9 Q So I'll represent to you subject to check

10 that my analysts performed the calculation correctly,

11 and would you agree that those calculations that

12 appear in Cross-Examination Exhibit 2 differ

13 substantially from 28 percent? I guess better

14 characterized that there was a distribution --

15 A For the individual -- for the individual --

16 the way I read this, looking at the individual

17 segments, but if I read the bottom line correctly, the

18 average excess capacity on the bottom line, it's 28.6

19 percent, which is very close to the calculations which

20 I presented. I believe my results were 28.16 percent.

21 Q I apologize. Thank you for bearing with me.

22 Now could you explain a little bit more why

23 -- and let's again take for argument purposes that the

24 calculations are correct, that cancellation capacity

25 at 55 percent and the difference between that and your

1 estimate of 15 percent, can you explain why that might
2 be?
3 A Cancellation, that's a good example. The
4 cancellation operation being mail arriving into a
5 processing facility on the originating operations
6 coming from delivery units, there's very little change
7 that will occur to that operation. We may have to
8 extend the window of operation because of mail coming
9 in from further distances to those locations, and we
10 may still be waiting for mail to arrive and
11 fluctuations in the mail volume for that particular
12 operation. So that's why that would have a lower
13 opportunity in my opinion.
14 Q And the same for letters here, almost 38
15 percent if you look at it by operation compared to the
16 22 percent that you estimate?
17 A Well, the letter capacity, assuming that
18 this data is correct, the letter capacity would
19 include what we fundamentally describe and what I
20 described in the testimony, the opportunity of
21 eliminating the idle time by having that mail
22 available and expanding and smoothing that processing
23 window for continuous flow.
24 Q And that leads very well into my final
25 question a little bit earlier than I expected.

1 Now, in your testimony -- and we discussed
2 earlier and I don't have an exact page reference for
3 you. I can find it here given a moment -- that the FSS
4 will run from about noon until 6 a.m., is that
5 accurate, in the revised mail processing network?
6 A I believe so, yes.
7 Q And it also appears based on your testimony
8 and from Witness Martin that there is a four-hour
9 maximum drive time between the plant and the delivery
10 facility, is that accurate?
11 A That was part of Witness Rosenberg's
12 analysis and modeling, so she would be the expert
13 witness to that modeling.
14 Q Would you agree subject to check that there
15 might be approximately a maximum drive-time distance
16 of four hours from a plant to a DDU in the revised
17 network?
18 A Not from a plant to the DDU. In her
19 modeling, what was referenced as the four-hour drive-
20 time was between originating and destinating
21 processing facilities.
22 Q Okay. So would you believe that the FSS
23 finishing by 6 a.m. would give adequate time to
24 distribute that volume for delivery that day?
25 A Yes. I would believe that there would be a

1 supporting transportation network in order for that to
2 reach the delivery units in time for delivery that
3 day.
4 Q And with the DPS window scheduling to end at
5 4 a.m., would the same transportation in your -- I
6 know I'm unfairly picking on you since you're not the
7 transportation expert, but in your experience as the
8 mail processing expert, is it the same transportation
9 that takes both the DPS mail and the FSS mail?
10 A It depends. We only have FSS processing at
11 47 locations nationally on 100 machines, so 47 is a
12 segment, and those locations are not necessarily in
13 the same location as the letter processing, the DPS
14 letter processing.
15 Q Okay. So, for those facilities where they
16 are co-located, it may be that DPS finishes at 4 a.m.
17 and then everything sits to wait for the
18 transportation to go with the FSS at 6 a.m.?
19 A It could also be the scenario where the sort
20 programs run on FSS could be aligned with the DPS
21 dispatches and the local, the closer in destinations,
22 delivery units, could be that last processing on the
23 FSS.
24 MR. LAVER: Okay. That's all I have for
25 you. Thank you very much for your patience and for

1 bearing with me this Friday afternoon.

2 THE WITNESS: Thank you.

3 CHAIRMAN GOLDWAY: Do we have any cross-

4 examination from the other participants to prolong

5 this?

6 MS. WOOD: Madam Chairman, Jennifer Wood for

7 the APWU. I do have a couple of follow-up questions,

8 but as an initial matter, I'm wondering if we could

9 get the cross-examination exhibit that the Public

10 Representative was using. I think it was marked as

11 Public Representative Cross-Examination Exhibit No. 2

12 into the record just so that we --

13 CHAIRMAN GOLDWAY: I'm certainly happy to do

14 it. The Public Representative was --

15 MR. LAVER: I have no objection, Madam

16 Chairman.

17 CHAIRMAN GOLDWAY: All right. Let's --

18 MR. TIDWELL: Pardon me, Madam Chairman.

19 Michael Tidwell for the Postal Service. Not as

20 evidence but just for purposes of illuminating the

21 cross-examination, sure.

22 CHAIRMAN GOLDWAY: Yes.

23 MR. LAVER: For illustrative purposes,

24 absolutely.

25 CHAIRMAN GOLDWAY: All right. Will you

1 label it and hand one to the court reporter for us?
2 MR. LAVER: Yes, Madam Chairman.
3 CHAIRMAN GOLDWAY: Thank you. And do you
4 have a copy to refer to?
5 MS. WOOD: No. I am not going to be asking
6 any questions on it, but when I'm reading the
7 transcript, it would be nice to understand what was
8 being talked about.
9 CHAIRMAN GOLDWAY: Okay. So now what are
10 your questions?
11 MS. WOOD: Just a couple of follow-up
12 questions.
13 (The document referred to was
14 marked for identification as
15 Exhibit No. PR Cross
16 Examination Exhibit
17 USPS-T-4-2 and received into
18 evidence.)
19 //
20 //
21 //
22 //
23 //
24 //
25 //

PR Cross Examination Exhibit USPS-T-4-2

Excess Capacity By Operation	
Excess Letter Capacity	37.9%
Excess FSS Capacity	22.6%
Excess Flat Capacity	74.4%
Excess Package Capacity	28.1%
Excess Cancellation Capacity	55.1%
Averaged Excess Capacity	28.6%

1 CROSS-EXAMINATION

2 BY MS. WOOD:

3 Q I believe earlier you were discussing with

4 Ms. Rush the hubs, and I think that you said that the

5 proposed hubs were included in the AMP studies?

6 A The AMP studies' narratives would identify

7 if a hub was planned as part of that proposal.

8 Q Okay. And in --

9 A I'm sorry, or if a hub or hubs were planned

10 as part of that proposal.

11 Q So you said in the narrative statements

12 included in the --

13 A Summary narratives.

14 Q -- summary narratives. Okay. Now, while I

15 can't say definitively that I've not seen the hubs

16 included in these AMPs, there don't seem to be very

17 many or more than a handful I think, a couple that I

18 have seen where the hubs have been addressed. If they

19 haven't been addressed in the AMPs, is there some

20 other place that we would look for, or is that it?

21 A That would be where the description would

22 be.

23 Q Okay. And now I am going to attempt to

24 approach the question that I had earlier and couldn't

25 quite get out because I do think I suffer from Friday

1 fatigue, so this is with regard to priority mail and
2 express mail. To the extent that priority mail can be
3 worked on equipment with other packages and
4 transported with other mail today but can't be worked
5 on that equipment and transported with other mail
6 after the service standards are changed and the
7 consolidations have happened and the operational
8 changes have occurred, wouldn't you agree that the
9 attributable costs for priority mail and for express
10 mail would increase?
11 MR. MECONE: I'm going to object. It's
12 outside the scope of Witness Neri's testimony. He's
13 not a costing witness.
14 CHAIRMAN GOLDWAY: I think he can answer
15 this question or attempt to.
16 MR. MECONE: I think the way I heard the
17 question is asking about attributable costs, and I'm
18 not sure where within his testimony that would relate
19 to.
20 MS. WOOD: But he is an operations witness,
21 and, I mean, I think that it's kind of an intuitive
22 question. I'm not asking for him to say definitively
23 what the actual costs would be, but if you're going to
24 now be having priority mail and express mail that
25 could have been grouped together with other first-

1 class mail that can no longer be grouped together for
2 processing or transportation, then wouldn't it now be
3 having higher costs because it'll be separated out?
4 CHAIRMAN GOLDWAY: And lower productivity.
5 I think it's a reasonable question to ask as long as
6 we don't depend on any specific number.
7 MS. WOOD: I don't need a number.
8 CHAIRMAN GOLDWAY: Go ahead and try and
9 answer it.
10 THE WITNESS: Madam Chair, I think I can
11 answer that question just in the context that you just
12 described where you stated lower productivity. The
13 way I would answer that question is that if the
14 processing method changes because of any constraints,
15 hypothetically any constraints that would occur, then
16 there may be a different productivity.
17 BY MS. WOOD:
18 Q Okay. So stated another way, there might be
19 an increased use of resources then to process this
20 mail, the priority and express mail?
21 A I would say that there could be a different
22 productivity and there could also be scenarios where
23 the opposite could occur. The changes that we're
24 implementing may create some opportunities for
25 combining and improving productivity. So I think that

1 without looking at individual examples, I think that
2 both could occur.
3 Q And so this analysis has not been done, is
4 that correct?
5 A No.
6 MS. WOOD: Okay. We have no further
7 questions. Thank you. Thank you, Mr. Neri.
8 CHAIRMAN GOLDWAY: Any other follow-up
9 questions?
10 MS. RUSH: Madam Chairman, let me just --
11 CROSS-EXAMINATION
12 BY MS. RUSH:
13 Q I'm sorry to belabor this point again, but
14 your response to Ms. Wood was about the narrative
15 explanation of the AMPs showing that the hubs may be
16 recommended. If we're not actually seeing those in
17 there, does it mean that the ones that have been
18 revealed so far that have been completed simply happen
19 to be a selection of AMPs that aren't including hubs?
20 Because I believe you said in response to
21 NNA's question to you, No. 5, we asked if you
22 anticipated there would at least be one hub within the
23 zone of every closing at a reduced facility, and you
24 said yes.
25 A And the way I would describe that is

1 existing hubs may be utilized. I did describe earlier
2 that hubs are not a new concept, and many of these
3 geographic locations may be using hubs that exist, so
4 existing hubs, delivery units that are utilized as
5 hubs today may be utilized as part of this concept, so
6 that may be a scenario where we may not see a hub
7 within the proposal. But in fact, as the
8 transportation design continues and is finalized,
9 there may be others added or changed.
10 Q So, if there were an existing hub in a
11 closing facility, you wouldn't anticipate that the AMP
12 proposal would include mention of the fact that if the
13 facility closes the hub may go away?
14 A No, and when I described existing hub, I was
15 referring to the opportunities that we may include
16 where there may be existing hubs in delivery units
17 outside of that closing facility.
18 Q Okay. So your assumption would be the
19 proposals wouldn't mention any impact on those because
20 they're taken for granted and they're remaining?
21 A Right. And they could be part of the
22 transportation solution.
23 Q So, when you respond to NNA Question T4-5,
24 you're referring to the whole universe of potential
25 hubs and existing hubs?

1 A Yes.

2 Q And you think there will wind up being one

3 in every closing facility?

4 A Yes.

5 MS. RUSH: Thank you.

6 CHAIRMAN GOLDWAY: Okay. It's now 4:34.

7 There are some questions from the bench, but we'd like

8 to break now for 15 minutes and then come back with

9 the questions from the bench.

10 And at least you can go over with your

11 counsel whether there are any redirect from the

12 questions you've already received, which would mean

13 any further break to deal with our questions could be

14 short and we'll try and move our questions along

15 quickly, but I think we need 15 minutes.

16 So we'll be back here at 10 minutes to 5.

17 Did I get that right? Okay.

18 THE WITNESS: Thank you.

19 (Whereupon, a short recess was taken.)

20 CHAIRMAN GOLDWAY: Gentlemen, we're back in

21 the home stretch here. The Commissioners as a whole

22 have several questions we want to ask, the last one of

23 which will relate to the summary narratives for the

24 AMP consolidations in Boston where the northwest

25 Boston facility is consolidating into the Boston PDC

1 and simultaneously into the Middlesex Essex PDC, so it
2 will be five working parts in this AMP consolidation
3 and we're going to be asking about that. And we have
4 established a Bench Exhibit T14-1, is that what it
5 was, for those people who may want to --
6 MR. HOLLIES: Bench-T4-EX-1.
7 CHAIRMAN GOLDWAY: Bench-T4-EX-1, and that
8 will be referred to in the record for those who want
9 to follow up on this discussion later.
10 (The document referred to,
11 previously identified as
12 Bench-T4-EX-1, was received
13 in evidence.)
14 //
15 //
16 //
17 //
18 //
19 //
20 //
21 //
22 //
23 //
24 //
25 //

Summary Narrative

Bench-T4-XE-1

Last Saved: February 20, 2012

Losing Facility Name and Type: Northwest Boston P&DC
Current 3D ZIP Code(s): 024
Type of Distribution to Consolidate: Orig & Dest

Gaining Facility Name and Type: Boston P&DC
Current 3D ZIP Code(s): 021,022

The Greater Boston Performance Cluster with assistance from the Northeast Area office has completed an Area Mail Processing (AMP) study to determine the feasibility of relocating the Northwest Boston P&DC Originating and Destinating mail volumes for processing in the Boston P&DC. The proposal encompasses mail processing for the Zip Code range of 024.

Background:

Currently, Northwest Boston is an owned facility that processes all incoming letter, flat and package mail in the 024 Zip range. This AMP proposal will address the movement of all letter processing operations into the Boston P&DC. The Middlesex facility will house all flats and bundle processing for the Greater Boston District

Along with the processing operations, the Northwest Boston facility houses carrier routes for Waltham and a BMAU. There is no retail at the Northwest Boston facility.

Financial Summary:

Financial savings proposed for this consolidation are for the consolidation of letters into Boston P&DC and are:

Total Annual Savings:	$ 11,485,833
Total First Year Savings:	$ 11,478,940
One time costs:	$ 6,893

Customer Service Considerations:
There is a Business Mail Acceptance Unit (BMAU) in Northwest Boston which will remain until disposition of the building. At that time, the BMAU will be relocated to the Waltham Post Office. After relocation of the BMAU, the employees will be listed under the Waltham Post Office finance number (240019).There is no retail window service in the Northwest facility.

Specific service standard changes associated with this Area Mail Processing consolidation are contingent upon the resolution of both (a) the rulemaking in which current market dominant product service standards in 39 CFR Part 121 are being evaluated, and (b) all remaining AMP consolidation proposals that are part of the same network rationalization initiative. A complete file reflecting any new service standards will be published at www.usps.com once all of the related AMP decisions that provide the foundation for new service standards are made. Priority and Express Mail service standards will be based upon the capability of the network.

The collection box times will not be impacted with this consolidation.

Transportation Changes:
The transportation savings associated with this consolidation is $1,420,390 for the reduction in HCR requirements, and a reduction of $311,655 in PVS requirements. The most significant savings is the elimination of $1, 085480 HCR contract 024L8. The movement of the FSS and bundle work to Middlesex-Essex allows for the elimination of this trip

Staffing Impacts:

Current projections from the AMP study indicate a net reduction of 187 craft employees with Northwest Boston losing 328 positions and Boston gaining 141 employees .The projected change in the number of EAS positions as a result of the AMP is 6, with Northwest Boston losing 20 positions, and a gain of 14 positions in Boston. The Postal Service ensures that its standard practices comply with the Worker Adjustment and Retraining Notification (WARN) Act. FSS volume and staffing is not fully accounted for in the data range for this AMP as FSS operations were being implemented.

rev 06/10/2009

Summary Narrative *(continued)*

Management and Craft Staffing Impacts

	Northwest Boston			Boston			Net Diff
	Total Current On-Rolls	Total Proposed	Diff	Total Current On-Rolls	Total Proposed	Diff	
Craft [1]	370	42	(328)	1,176	1,317	141	(187)
Management	20	-	(20)	92	106	14	(6)

[1] Craft = FTR+PTR+PTF+Casuals

Mail Processing Management to Craft Ratio

	Current		Proposed	
Management to Craft [2] Ratios	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)
Northwest Boston	1 : 14	1 : 13	N/A	N/A
Boston	1 : 24	1 : 20	1 : 30	1 : 25

[1] Craft = FTR+PTR+PTF+Casuals

[2] Craft = F1 + F4 at Losing; F1 only at Gaining

As a matter of policy, the Postal Service follows the Worker Adjustment and Retraining Notification Act's ("WARN") notification requirements when the number of employees experiencing an employment loss within the meaning of WARN would trigger WARN's requirements. Some or all of the impacted employees described above may not experience an employment loss within the meaning of WARN due to transfers or reassignments.

Space Considerations

There is a one time costs for equipment relocation of one DIOSS. The costs associated with the movement of the FSS machines are accounted for in the NW Boston-Middlesex AMP package. The costs associated with the equipment moves into Boston are accounted for in the Central-Boston AMP package. The Northwest facility will be referred for asset disposal upon approval of the AMP. Facility modification costs to Boston are shown in the concurrent Middlesex to Boston AMP. The Northwest facility will be referred to the FSO for a node study upon approval of the AMP.

Summary

Consolidation of the letter processing originating and destinating will benefit the Postal Service with an Annual Savings of $11,485,833. There will be a one time cost of $6,893.

Summary Narrative

Last Saved: February 20, 2012

Losing Facility Name and Type: Middlesex Essex P&DC

Current 3D ZIP Code(s): 018, 019, 055

Type of Distribution to Consolidate: Orig & Dest

Gaining Facility Name and Type: Boston P&DC

Current 3D ZIP Code(s): 021,022

The Greater Boston Performance Cluster with assistance from the Northeast Area office has completed an Area Mail Processing (AMP) study to determine the feasibility of relocating the Middlesex Essex P&DC Originating and destinating mail volumes for processing in the Boston P&DC. The proposal encompasses mail processing for the Zip Code range of 018, 019, and 055.

Background:

Currently, Middlesex Essex is an owned facility that processes letter, flat and package mail in the 018, 019, and 055 Zip range. This AMP proposal will address the movement of all letter processing operations into the Boston P&DC. The Middlesex facility will continue to house all flats and bundle processing for the Greater Boston District with the transfer of FSS processing equipment from the Northwest Boston P&DC

Along with the processing operations, the Middlesex facility houses a BMAU. There is no retail at the Middlesex-Essex facility.

Financial Summary:

Financial savings proposed for this consolidation are for the consolidation of letters into Boston P&DC and are:

Total Annual Savings:	$ 9,320,612
Total First Year Savings:	$ 2,031,643
One Time Costs:	$ 7,288,969

Customer Service Considerations:

There is a Business Mail Acceptance Unit (BMAU) in Middlesex-Essex will be retained. There is no retail window service in the Middlesex facility. The staffing and workhours will fall under Finance Number 244591 and will not be reflected in this AMP.

Specific service standard changes associated with this Area Mail Processing consolidation are contingent upon the resolution of both (a) the rulemaking in which current market dominant product service standards in 39 CFR Part 121 are being evaluated, and (b) all remaining AMP consolidation proposals that are part of the same network rationalization initiative. A complete file reflecting any new service standards will be published at www.usps.com once all of the related AMP decisions that provide the foundation for new service standards are made. Priority and Express Mail service standards will be based upon the capability of the network.

The collection box times will not be impacted with this consolidation.

Transportation Changes:

There is an increase of $294,210 associated with this consolidation of operations. This increase is related to the additional mileage required to transport the collection and DPS mail that is processed in the Boston P&DC. There are no additional PVS cost.

Staffing Impacts:

Current projections from the AMP study indicate a net reduction of 123 craft employees with Middlesex losing 308 positions and Boston gaining 185 employees .The projected change in the number of EAS positions as a result of the AMP is 8, with Middlesex losing 15 positions, and Boston gaining 7 positions. The Postal Service ensures that its standard practices comply with the Worker Adjustment and Retraining Notification (WARN) Act.

Management and Craft Staffing Impacts

	Middlesex Essex			Boston			Net Diff
	Total Current On-Rolls	Total Proposed	Diff	Total Current On-Rolls	Total Proposed	Diff	
Craft [1]	509	201	(308)	1,176	1,361	185	(123)
Management	36	21	(15)	92	99	7	(8)

[1] Craft = FTR+PTR+PTF+Casuals

rev 06/10/2009

Summary Narrative *(continued)*

Mail Processing Management to Craft Ratio

Management to Craft [2] Ratios	Current		Proposed	
	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)
Middlesex Essex	1 : 29	1 : 25	1 : 27	1 : 21
Boston	1 : 42	1 : 31	1 : 46	1 : 36

[1] Craft = FTR+PTR+PTF+Casuals

[2] Craft = F1 + F4 at Losing; F1 only at Gaining

As a matter of policy, the Postal Service follows the Worker Adjustment and Retraining Notification Act's ("WARN") notification requirements when the number of employees experiencing an employment loss within the meaning of WARN would trigger WARN's requirements. Some or all of the impacted employees described above may not experience an employment loss within the meaning of WARN due to transfers or reassignments.

Space Considerations

There will be one time costs for relocation of additional equipment, (8) DBCS, (2) DIOSS, (4) AFCS, (3) CIOSS, and (1) RCS. The relocation cost of equipment is $420,969, the facility modification one time cost is $5,000,000. An additional $1,868,000 is for the upgrade to the loose mail system at Boston P&DC.

	Necessary for NWB & M-E → Boston		
	Building	Floor	Project
1	New	2	Raise LOG 7" to allow for RCS relocation
2	New	1	Sack Sorter Overhead Guard Removal for DPRC clearance
3	New	1	Duct Removal for DPRC/3-Tier Clearance
4	New	1	HVAC upgrade to account for additional Machine Heat in 010
5	New	1	Duct removal at G8 for additional 010 VFS
6	New	1	HVAC removal over future AFCS 9-11 positions
7	New	1	Regrade floor for AFCS 12 installation
8	Old	1	Regrade Dock Doors 7-13 to 50"
9	New	2	Remove satellite IPS offices to increase Manual Flats footprint
10	New	1	Remove take up at J11/K10 for staging/dumping in new LMS
11	New	1	Remove wall on "E" column line for additional ATU and sortation
12	New	All	Repair/Refurb Escalators to reclaim freight elevator

Summary Narrative

Last Saved: February 20, 2012

Losing Facility Name and Type: Central Mass P&DC
Current 3D ZIP Code(s): 014,015,016,017
Type of Distribution to Consolidate: Orig & Dest

Gaining Facility Name and Type: Boston P&DC
Current 3D ZIP Code(s): 021,022

Background:

The Greater Boston Performance Cluster with assistance from the Northeast Area office has completed an Area Mail Processing (AMP) study to determine the feasibility of relocating the Central Mass P&DC Originating and destinating mail volumes for processing in the Boston P&DC. The proposal encompasses mail processing for the Zip Code range of 014-017.

Currently, Central Mass is an owned facility that processes all incoming letter, flat and package mail in the 014-017 Zip range. There is an active AMP proposal to add processing for the 013 zip range from the Springfield P&DC. This AMP proposal will address the movement of all letter processing operations into the Boston P&DC. The Middlesex facility will house all flats and bundle processing for the Greater Boston District

Along with the processing operations, the Central Mass facility houses carrier routes for Shrewsbury and a BMAU. There is no retail at the Central Mass facility.

Financial Summary:

Financial savings proposed for this consolidation are for the consolidation of letters into Boston P&DC and are:

Total Annual Savings:	$ 6,021,037
Total First Year Savings:	$(4,003,143)
One Time Costs:	$10,024,180

Proposed savings reflect one-time costs for relocation of equipment into the Boston P&DC.

Customer Service Considerations:
There is a Business Mail Acceptance Unit (BMAU) in Central Mass which will be retained, as well as the carrier unit. The employee workhours will be listed under finance number 249622 and will not be reflected in this AMP. There is no retail window service in the Central Mass facility.
Specific service standard changes associated with this Area Mail Processing consolidation are contingent upon the resolution of both (a) the rulemaking in which current market dominant product service standards in 39 CFR Part 121 are being evaluated, and (b) all remaining AMP consolidation proposals that are part of the same network rationalization initiative. A complete file reflecting any new service standards will be published at www.usps.com once all of the related AMP decisions that provide the foundation for new service standards are made. Priority and Express Mail service standards will be based upon the capability of the network.

The collection box times will not be impacted with this consolidation.

Maintenance Impacts: The Maintenance current cost in this AMP package reflects 70% of the total cost for the losing site. The remaining 30% of the Maintenance cost will be shown in the concurrent AMP – Central Mass to Middlesex, as to not double count the savings.

Transportation Changes:
The transportation costs associated with this consolidation is $3,680,805 for HCR and $66,796 for PVS. This increase in transportation is related to the establishment of 2 transfer HUBS for the 013, 016 zips, as well as a modification to transportation that will facilitate the 017 and 014 zips to run directly from the Boston P&DC.

rev 06/10/2009

Summary Narrative *(continued)*

Staffing Impacts:

Current projections from the AMP study indicate a net reduction of 138 craft employees with Central Mass losing 438 positions and Boston gaining 300 employees .The projected change in the number of EAS positions as a result of the AMP is net gain of 23, with Central Mass retaining 33 positions, and Boston gaining 23. The Postal Service ensures that its standard practices comply with the Worker Adjustment and Retraining Notification (WARN) Act.

Management and Craft Staffing Impacts

	Central Mass			Boston			Net Diff
	Total Current On-Rolls	Total Proposed	Diff	Total Current On-Rolls	Total Proposed	Diff	
Craft [1]	480	42	(438)	1,176	1,476	300	(138)
Management	33	33	(0)	92	115	23	23

[1] Craft = FTR+PTR+PTF+Casuals

Mail Processing Management to Craft Ratio

	Current		Proposed	
Management to Craft [2] Ratios	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)
Central Mass	1 : 13	1 : 11	#DIV/0!	#DIV/0!
Boston	1 : 24	1 : 20	1 : 25	1 : 22

[1] Craft = FTR+PTR+PTF+Casuals

[2] Craft = F1 + F4 at Losing; F1 only at Gaining

Space Considerations

One time costs of $ 24,180 are included to relocate 3 DIOSS machines.
The Central Mass facility will be referred for asset disposal upon approval of the AMP, the disposal costs are not reflected in this AMP package. The Central Mass facility will be referred to the FSO for a node study upon approval of the AMP.

Summary Narrative

Last Saved: February 20, 2012

Losing Facility Name and Type: Northwest Boston P&DC

Current 3D ZIP Code(s): 024

Type of Distribution to Consolidate: Orig & Dest

Gaining Facility Name and Type: Middlesex Essex P&DC

Current 3D ZIP Code(s): 018, 019, 055

The Greater Boston Performance Cluster with assistance from the Northeast Area office has completed an Area Mail Processing (AMP) study to determine the feasibility of relocating the Northwest Boston P&DC Originating and destinating mail volumes for processing in the Middlesex-Essex P&DC. The proposal encompasses mail processing for the Zip Code range of 024.

Background:

Currently, Northwest Boston is an owned facility that processes all incoming letter, flat and package mail in the 024 Zip range. The Outgoing letter portion was already moved through an originating AMP study several years ago. This AMP proposal will address the movement of all flats processing operations into the Middlesex Essex P&DC which is 18 miles from Northwest Boston P&DC. The Middlesex facility will house all flats and bundle processing for the Greater Boston District

Along with the processing operations, the Northwest facility houses carrier routes and a BMAU. There is no retail at the Northwest Boston facility.

Financial Summary:

Financial savings proposed for this consolidation are for the consolidation of flats into Middlesex Essex and are:

Total Annual savings:	$ 6,064,030
Total First Year Savings:	$ (463,096)
One time costs:	$ 6,527,126

Proposed savings reflect significant one-time costs for relocation of FSS units into the Middlesex-Essex P&DC.

Customer Service Considerations:

There is a Business Mail Acceptance Unit (BMAU) in Northwest Boston which will remain until disposition of the building. At that time, the BMAU will be relocated to the Waltham Post Office. After relocation of the BMAU, the employees will be listed under the Waltham Post Office finance number (240019).There is no retail window service in the Northwest facility.

Specific service standard changes associated with this Area Mail Processing consolidation are contingent upon the resolution of both (a) the rulemaking in which current market dominant produot service standards in 39 CFR Part 121 are being evaluated, and (b) all remaining AMP consolidation proposals that are part of the same network rationalization initiative. A complete file reflecting any new service standards will be published at www.usps.com once all of the related AMP decisions that provide the foundation for new service standards are made. Priority and Express Mail service standards will be based upon the capability of the network.

The collection box times will not be impacted with this consolidation.

Transportation Changes:

Transportation changes have been reflected in the Northwest Boston to Boston AMP proposal due to the requirements for both letter and flats volumes being transported on the same vehicles.

Staffing Impacts:

Current projections from the AMP study indicate a net reduction of 303 craft employees with Northwest Boston losing 370 positions and Middlesex gaining 67 employees. These craft employees are assigned to the FSS operations. FSS volume and staffing is not fully accounted for in the data range for this AMP as FSS operations were being implemented. The projected change in the number of EAS positions as a result of the AMP is a gain of 2 positions. Northwest Boston has no impact on EAS and Middlesex will gain 2 positions.

Management and Craft Staffing Impacts

	Northwest Boston			Middlesex Essex			Net Diff
	Total Current On-Rolls	Total Proposed	Diff	Total Current On-Rolls	Total Proposed	Diff	
Craft [1]	370	0	(370)	509	576	67	(303)
Management	20	20	-	36	38	2	2

[1] Craft = FTR+PTR+PTF+Casuals

rev.06/10/2009

Summary Narrative *(continued)*

Mail Processing Management to Craft Ratio

Management to Craft [2] Ratios	Current		Proposed	
	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)
Southern Connecticut	1 : 28	1 : 25	N/A	N/A
Springfield	1 : 29	1 : 25	1 : 32	1 : 28

[1] Craft = FTR+PTR+PTF+Casuals

[2] Craft = F1 + F4 at Losing; F1 only at Gaining

As a matter of policy, the Postal Service follows the Worker Adjustment and Retraining Notification Act's ("WARN") notification requirements when the number of employees experiencing an employment loss within the meaning of WARN would trigger WARN's requirements. Some or all of the impacted employees described above may not experience an employment loss within the meaning of WARN due to transfers or reassignments.

Maintenance Impacts: The Maintenance current cost in this AMP is 40% of the current cost, the remaining 60% is going to be shown in the concurrent Northwest Boston – Boston AMP..

Space Considerations

One time costs of $6,000,000 are included to relocate three FSS machines to Middlesex-Essex and consolidate flats operations for the Greater Boston district. The remaining one time costs $527,126 are facility modifications to the Middlesex Essex facility to remove portions of the TMS system, electrical and HVAC upgrades, and LOG and camera modifications. Removal of equipment from Northwest Boston will allow closure and disposal of that asset.

Summary

Consolidation of the flats originating and destinating operations from Northwest Boston P&DC into Middlesex Essex P&DC will benefit the Postal Service with an estimated annual savings of $6,064,030 with a one time cost of $6,527,126.

Summary Narrative

Last Saved: February 20, 2012

Losing Facility Name and Type: Central Mass P&DC
Current 3D ZIP Code(s): 014,015,016,017
Type of Distribution to Consolidate: Destinating

Gaining Facility Name and Type: Middlesex Essex P&DC
Current 3D ZIP Code(s): 018, 019, 055

The Greater Boston Performance Cluster with assistance from the Northeast Area office has completed an Area Mail Processing (AMP) study to determine the feasibility of relocating the Central Mass P&DC Destinating mail volumes for processing in the Middlesex-Essex P&DC. The proposal encompasses mail processing for the Zip Code range of 014-017.

Background:
Currently, Central Mass is an owned facility that processes all incoming letter, flat and package mail in the 014-017 Zip range. There is an active AMP proposal to add processing for the 013 zip range from the Springfield P&DC. This AMP proposal will address the movement of all flats and bundle processing operations into the Middlesex Essex P&DC. The Middlesex facility will house all destinating flats and bundle processing for the Greater Boston District.

Along with the processing operations, the Central Mass facility houses carrier routes for Shrewsbury and a BMAU. There is no retail at the Central Mass facility.

Financial Summary:
Financial savings proposed for this consolidation are for the consolidation of flats into Middlesex Essex and are::

Total Annual Savings:	$ 1,920,477
Total First Year Savings:	$ 870,477
One Time Costs:	$ 1,050,000

Customer Service Considerations:
There is a Business Mail Acceptance Unit (BMAU) in Central Mass which will be retained, as well as the carrier unit. The employee workhours will be listed under finance number 249622 and will not be reflected in this AMP. There is no retail window service in the Central Mass facility.
Specific service standard changes associated with this Area Mail Processing consolidation are contingent upon the resolution of both (a) the rulemaking in which current market dominant product service standards in 39 CFR Part 121 are being evaluated, and (b) all remaining AMP consolidation proposals that are part of the same network rationalization initiative. A complete file reflecting any new service standards will be published at www.usps.com once all of the related AMP decisions that provide the foundation for new service standards are made. Priority and Express Mail service standards will be based upon the capability of the network.
The collection box times will not be impacted with this consolidation.
Transportation Changes:
Transportation changes have been reflected in the Central Mass to Boston AMP proposal due to the requirements for both letter and flats volumes being transported on the same vehicles. The Central Mass facility will be utilized as a hub for collections and HCR service
Staffing Impacts:
Current projections from the AMP study indicate a net reduction of 419 craft employees with Central Mass losing 480 positions and Middlesex gaining 61 employees. These craft employees are assigned to the APPS operations. The projected change in the number of EAS positions as a result of the AMP is 32, with Central Mass losing 33, and Middlesex gaining 1. The Postal Service ensures that its standard practices comply with the Worker Adjustment and Retraining Notification (WARN) Act.

Management and Craft Staffing Impacts

	Central Mass			Middlesex Essex			Net Diff
	Total Current On-Rolls	Total Proposed	Diff	Total Current On-Rolls	Total Proposed	Diff	
Craft [1]	480	0	(480)	509	570	61	(419)
Management	33	0	(33)	36	37	1	(32)

[1] Craft = FTR+PTR+PTF+Casuals

rev.06/10/2009

Summary Narrative *(continued)*

Mail Processing Management to Craft Ratio

Management to Craft [2] Ratios	Current		Proposed	
	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)	SDOs to Craft [1] (1:25 target)	MDOs+SDOs to Craft [1] (1:22 target)
Central Mass	1 : 26	1 : 23	1 : 24	1 : 21
Middlesex-Essex	1 : 29	1 : 25	1 : 29	1 : 25

[1] Craft = FTR+PTR+PTF+Casuals

[2] Craft = F1 + F4 at Losing; F1 only at Gaining

Maintenance Impacts: The Maintenance current cost reflected in this AMP, are 30% of the current costs. The remaining 70% are shown in a concurrent Central Mass to Boston AMP.

Space Considerations

One time costs of $1,050,000 are included to relocate the APPS machine to Middlesex-Essex and consolidate bundle operations for the Greater Boston district. The Central Mass facility will continue to maintain a BMAU, and the platform will be utilized as a collection and HCR hub. The Central Mass facility will be referred to the FSO for a node study.

1 CHAIRMAN GOLDWAY: So we'll begin with
2 Commissioner Taub.
3 COMMISSIONER TAUB: Thank you, Madam Chair,
4 and thank you very much for your time here today, this
5 afternoon. It's a lot of questions. We've covered a
6 lot of ground, so I just have a few that I want to get
7 through and pass along to my colleagues.
8 If I understand correctly, you've been with
9 the Postal Service since 1984?
10 THE WITNESS: Correct.
11 COMMISSIONER TAUB: Thank you for your
12 service to the Postal Service and our nation. It's
13 many decades, and again, this institution is better
14 off with your service, so thank you for that.
15 THE WITNESS: Thank you.
16 COMMISSIONER TAUB: In that long career, I
17 understand, just to clarify, you've been a plant
18 manager, a senior plant manager. You have experienced
19 kind of where the rubber hits the road on the front
20 line of consolidations themselves, is that correct?
21 THE WITNESS: Absolutely. I've actually
22 been a plant manager in three locations.
23 COMMISSIONER TAUB: And now I see as if you
24 will overarching all the AMPs, you have that real word
25 experience, plus now here in Washington seeing it all

1 come together.

2 THE WITNESS: Yes.

3 COMMISSIONER TAUB: Just a few questions in

4 that context. Drilling down onto when processing

5 facilities are consolidated, are employees transferred

6 solely from the losing facility to the gaining

7 facility, or are they transferred to other facilities

8 as well?

9 THE WITNESS: We would follow our collective

10 bargaining agreement and Article XII of that agreement

11 deals with employee excessing. So there would be the

12 dynamics of all excessing events happening within that

13 area and it may not necessarily be all from a

14 processing facility. We have clerks who are also in

15 delivery units, and there may be events in those

16 delivery units that would include excessing. So there

17 are more dynamics taking place there.

18 COMMISSIONER TAUB: Got you. And if there's

19 folks transferred to other facilities, how is that

20 reflected in the savings estimates that are before us

21 in your testimony?

22 THE WITNESS: If they are transferred to

23 other facilities?

24 COMMISSIONER TAUB: Yes.

25 THE WITNESS: I don't know how that was or

1 whether or not that was included in the Bradley and
2 Smith analysis. I'm not aware how that was or if it
3 was included.
4 COMMISSIONER TAUB: Okay, fair enough.
5 Moving to the post-implementation reviews, that's part
6 of the record. The Commission has had an opportunity
7 to look through those. The summary narrative of some
8 of the post-implementation reviews state something to
9 the effect of complement has been reduced through
10 attrition and transfers. Is there any way to
11 determine the number of transfers versus attrition?
12 THE WITNESS: That could be determined, yes.
13 COMMISSIONER TAUB: What would be involved
14 in doing that and would that require how much more
15 time, effort --
16 THE WITNESS: I would have to reach out to
17 other functions at headquarters to identify the trail
18 of the employees from the site where they were working
19 to determine how many employees and where they were
20 transferred to or excessed to. Some of those
21 transfers may in fact be voluntary in lieu of
22 excessing, so we would have to backtrack to the
23 history of those to identify that proportion.
24 CHAIRMAN GOLDWAY: One of the reasons we're
25 asking is because when we look at the PIRs, there seem

1 to be fewer employees at the receiving plant than were
2 proposed to be at the receiving plant and we want to
3 know where those employees have gone. Was it that you
4 figured out you didn't need any and you excessed
5 beyond what you thought or you were lucky enough to
6 have people who just decided to leave and you can even
7 increase your productivity more?
8 THE WITNESS: That could in fact be --
9 CHAIRMAN GOLDWAY: Or did you have empty
10 slots that you were carrying as positions at the
11 receiving AMP and with the paperwork at the AMP you
12 were able to just cut off those empty slots? So how
13 do we get that information?
14 THE WITNESS: The scenarios that you've
15 described could all be occurring between the time of
16 completion of the proposals and the implementation and
17 the post-implementation. There could have been
18 additional vacancies that occurred at those gaining
19 facilities and we may have had the opportunity to
20 capture even greater savings as measured by the post-
21 implementation reviews. And I believe that Witness
22 Williams described that those POIRs reflected up to
23 4.8 times the magnitude of the initial proposals.
24 CHAIRMAN GOLDWAY: So what's attributable to
25 the AMP process and what's attributable to just normal

1 attrition or the clearing up of empty unassigned
2 positions that were on the books beforehand? It's one
3 of the questions we have, so how do we figure that
4 out?
5 THE WITNESS: Well, it's my opinion that the
6 additional savings that were captured by that lower
7 complement level in fact could be part of the
8 opportunity that was presented by the AMP that was
9 greater than what was estimated in the initial
10 proposal, and we were able to capture that in fact
11 because of the reduced work hours and the reduced
12 complement. In order to identify or track the number
13 of employees, the post-implementation review
14 accomplishes identifying that snapshot of complement
15 level.
16 CHAIRMAN GOLDWAY: Why?
17 THE WITNESS: Well, whether it was created
18 through attrition or decisions that additional
19 employees that were projected in the proposal itself
20 and not actually transferred because of the
21 opportunities being greater, really I'm not sure how
22 to capture that information.
23 CHAIRMAN GOLDWAY: Okay.
24 COMMISSIONER TAUB: Speaking of the PIRs,
25 just to continue on that, drilling down maybe just a

1 little further, I've think you've covered it, but just
2 to make sure we're clear on the record, as I was
3 mentioning the summary narrative of some of the PIRs
4 that we have, some indicate overall savings estimates
5 include, and this is a quote from some, "a reduction
6 in mail volume and compression initiatives unrelated
7 to the AMP." Could you explain what "compression
8 initiatives" are?
9 THE WITNESS: It could include other
10 operational moves that were not part of the original
11 proposal. So, without looking at the specifics,
12 that's I believe an assumption I would make. I could
13 go back and try to identify or if it could be
14 identified for me what AMP, that language was used, I
15 could provide a better description.
16 COMMISSIONER TAUB: I'm sure the Commission
17 will be following up with some additional questions,
18 so that will probably be helpful to give you that
19 specificity and you can answer that. And just to then
20 follow on the Chairman's questioning, so the cost
21 savings from reduced volume and compression
22 initiatives, can those be estimated separately from
23 the savings related to the AMP?
24 THE WITNESS: The process that we've
25 followed, because the PIRs, post-implementation

1 reviews are a snapshot, was to describe it and
2 characterize it as potential impacts because it is
3 difficult to segment all of those events and identify
4 and allocate what the specific impacts are of the
5 dynamics of everything that could be occurring. So,
6 because it is so difficult, that's why we have been
7 following a process of generalizing those
8 descriptions.
9 COMMISSIONER TAUB: Right. And the last
10 question I have on those PIRs, would you expect
11 productivity would improve then in a situation when
12 the PIR savings exceed the AMP expectations?
13 THE WITNESS: Yes. We do see productivity
14 improvements, which is also a contributor to the
15 additional savings. So productivity improvements
16 beyond what was originally established in the initial
17 proposal.
18 COMMISSIONER TAUB: Okay.
19 THE WITNESS: So that also can be a factor.
20 COMMISSIONER TAUB: Thank you. I know my
21 colleagues have additional questions, so I'll leave it
22 there. Thank you.
23 CHAIRMAN GOLDWAY: Vice Chair Langley?
24 VICE CHAIRMAN LANGLEY: Thank you very much,
25 Mr. Neri. We very much appreciate you being here. We

1 can almost say good evening to you.

2 Let me just double-check that I understand

3 what you have just responded to Commissioner Taub,

4 that the PIRs do not isolate the different moving

5 parts, like unfilled employee positions or the savings

6 that might be or a reduction in mail volume. So none

7 of that is isolated. It's all sort of comprehensive?

8 THE WITNESS: It's a comparison of a

9 snapshot before and after the implementation.

10 VICE CHAIRMAN LANGLEY: Before and after?

11 THE WITNESS: Work hours complement. It is

12 a comparison of a snapshot.

13 VICE CHAIRMAN LANGLEY: Okay. That I

14 understand then. I'm curious, you talked about how

15 the Postal Service determines the number of craft

16 employees who will be needed at a gaining facility

17 during an AMP study, but what about management

18 employees? How is that calculated? Is it different

19 since there aren't union agreements and other factors

20 like that?

21 THE WITNESS: Well, supervisors, we

22 generally apply a 1 to 25 ratio of supervisors and

23 managers within the operations as the target. And

24 sometimes, and it was in one of the interrogatories, I

25 can't recall which one, there was an example of how

1 could work hours in a proposal expectation be to
2 reduce the number of managers, supervisor work hours,
3 while there might be a complement, the proposal may
4 include a recommendation for a complement increase,
5 and that's a situation where we may be utilizing the
6 work hours because we have employees detailed into
7 those manager positions, but there are vacancies.
8 So we can in fact have a proposal that
9 reflects an increase in complement while there is an
10 expectation of an actual reduction in work hours
11 applying that ratio.
12 VICE CHAIRMAN LANGLEY: Are there a number
13 of vacancies where you do have employees detailed from
14 one facility to another? Is that common?
15 THE WITNESS: We in fact have been holding
16 the line on filling positions and utilizing the
17 strategy of details in order to impact fewer employees
18 as a result of the plant consolidations.
19 VICE CHAIRMAN LANGLEY: So do you still
20 maintain the 1 to 25 ratio when you're detailing
21 supervisors?
22 THE WITNESS: It's the target -- it's the
23 target --
24 VICE CHAIRMAN LANGLEY: It's the target?
25 THE WITNESS: -- to achieve, yes. It is the

1 target. The actual performance is less than that, but
2 it is the target.
3 VICE CHAIRMAN LANGLEY: Okay.
4 CHAIRMAN GOLDWAY: You mean less than -- the
5 management ratio is -- you have more managers to
6 more --
7 THE WITNESS: More work hours may be used --
8 I mean higher detailed work hours or overtime work
9 hours may be actually utilized than what that target
10 is. But our objective is to manage that target and
11 remonitor that performance and message to the field
12 the actual performance and the expectation that they
13 manage to the target.
14 VICE CHAIRMAN LANGLEY: Would you mind just
15 telling me about the significance of the 24-hour clock
16 and its importance to these studies?
17 THE WITNESS: The 24-hour clock gives us
18 insight into the current operations to determine if in
19 fact when making decisions in the AMP process whether
20 or not there needs to be consideration for current
21 performance in that shift of operations. So, if we
22 see an area that we're not achieving the levels of
23 performance of expectation, we assess whether or not
24 that lack of achievement is going to be carried over
25 to the new location unless we take steps to remedy the

1 constraints.

2 VICE CHAIRMAN LANGLEY: But as I understand

3 it, the 24-hour clock captures only the weekly mail

4 trends from part of the year but not the entire year.

5 Is there a reason that it's better to use one over the

6 other? I mean, I would think looking at the whole

7 year gives you a more again comprehensive view of

8 what's happening at a particular plant.

9 THE WITNESS: Well, there's performance

10 changes over the year. Again, we try to take that

11 snapshot at the time we're planning because there may

12 have been improvement initiatives that have led to the

13 current performance or there may have been reasons

14 that have caused deterioration, and that's why we make

15 our decisions based on the most recent performance.

16 VICE CHAIRMAN LANGLEY: Okay. So sometimes

17 performance will be up and sometimes it will be down

18 depending on what's happening at a particular plant?

19 THE WITNESS: Right. And the assumption is

20 that the current performance reflects the current

21 operations, the current operational capability.

22 VICE CHAIRMAN LANGLEY: I have two more

23 questions before I yield my time. I have a question

24 on service standards for noncontiguous areas, and

25 while it may sound parochial from my part coming from

1 Hawaii, a noncontiguous area, the Commission has taken
2 a very clear stand that rural, remote and
3 noncontiguous areas deserve the same consideration and
4 certainly are part of the universal service obligation
5 of the Postal Service. But I am very confused as to
6 what the first class mail standards are now and what
7 they will be for these areas because Mr. Williams went
8 through in great detail, but very technical detail,
9 what he anticipates they'll be.
10 So I was wondering if you might be able to
11 explain in layman's terms the proposed service
12 standards for these noncontiguous areas, you know,
13 like we have two-day, three-day, four-day and five-day
14 are being proposed. So if you could explain exactly
15 what this all means.
16 THE WITNESS: Well, the way that I could
17 describe it is that within those locations, the
18 service area of those locations, it will align with
19 the proposed business rules of the mail that's
20 generated and destinates within those locations. And
21 I'm not the expert witness on this, but the way I
22 understand it is because the time lag might be greater
23 for those noncontiguous locations between the
24 continental United States and those locations, I'm not
25 sure if there would be an impact to the exchange in

1 either direction from those locations.

2 VICE CHAIRMAN LANGLEY: I can see an impact

3 when you're dealing with parcels and periodicals,

4 items that are going by ship.

5 THE WITNESS: Right. And I was responding

6 to your initial statement of first class mail.

7 VICE CHAIRMAN LANGLEY: Right. Yes, and I

8 appreciate that.

9 THE WITNESS: Yes.

10 VICE CHAIRMAN LANGLEY: Now --

11 THE WITNESS: Now -- I'm sorry.

12 VICE CHAIRMAN LANGLEY: Go ahead.

13 THE WITNESS: For those other classes of

14 mail, again, it's expected that we will publish a

15 rule, a final rule that would align with our current

16 capabilities based on those schedules, as you

17 described, those ships.

18 VICE CHAIRMAN LANGLEY: I appreciate that.

19 Now, in Hawaii, for example, the Honolulu processing

20 is not closing. It's not being relocated. So, within

21 the islands itself, will the new service standards be

22 put into effect even though there is not a

23 consolidation of facilities and transport times and

24 distances aren't changing, everything is remaining the

25 same?

1 THE WITNESS: I'm not aware of there being a
2 difference in the change in operating plans for those
3 locations.
4 VICE CHAIRMAN LANGLEY: But service
5 standards would still change for within the state
6 itself?
7 THE WITNESS: Right. When I say a
8 difference to what we're planning for every other
9 location, so I don't believe that there is going to be
10 a different plan for those locations from an operating
11 plan standpoint.
12 VICE CHAIRMAN LANGLEY: I appreciate that.
13 And I have only one more question. In response to a
14 question from Ms. Keller about the Colorado plants,
15 you discussed the methods that are used to calculate
16 proposed annual volume, work hours, productivity for
17 the gaining facilities during an AMP study. Could you
18 discuss it on a more global basis and just again walk
19 us through the methods that are used to do these
20 calculations?
21 THE WITNESS: Well, we begin from a data
22 standpoint. We begin with the current environment in
23 both the losing facility and the gaining facility, and
24 that's how they're described within the package, as
25 losing facility and gaining facility. And so the

1 specific columns, I'll try to do it from memory, but
2 we have workload, which is described based as FHP
3 volume and THP volume, which is first handled pieces
4 or total handled pieces. We have the work hours and
5 the productivity that's being accomplished at both the
6 losing facility and the gaining facility.
7 And then from there, we move to a proposed
8 where, based on the productivity levels that are being
9 achieved, we target productivity for the mail for the
10 location that's gaining the workload. And so based on
11 the targeted productivity, we would assess the work
12 hours that would be needed at that gaining location
13 and then translate that to full-time equivalent
14 employees based on the average annual hours used by
15 each employee at that location.
16 VICE CHAIRMAN LANGLEY: Thank you. That was
17 helpful and I appreciate again your appearance. Thank
18 you.
19 THE WITNESS: Thank you.
20 CHAIRMAN GOLDWAY: Okay. So I have some
21 complicated questions here and Ms. Wood's phrase of
22 Friday fatigue is something we're all suffering from,
23 but let me read you this description prepared by staff
24 and then go through the questions with you. This is
25 the exhibit that I talked about on the summary of the

1 consolidations, the complex consolidations in Boston.
2 As I understand it, the Postal Service
3 studied both moving mail into the Boston PDC and
4 closing nearby plants and, as an alternative, closing
5 the Boston PDC and moving the mail to nearby plants.
6 My staff has given you the narrative, the summary
7 narrative for the five AMPs involved in the greater
8 Boston area. So you have some familiarity with those?
9 THE WITNESS: Yes.
10 CHAIRMAN GOLDWAY: These AMPs are in the
11 Library Reference 73 and they show that the decision
12 was made to move the letter mail to the Boston PDC and
13 the parcel mail to the Middlesex Essex PDC. The
14 Boston PDC will be gaining workload from three
15 locations. How many employees do the AMPs estimate
16 will be working at the Boston plant if all of the
17 approved consolidations occur?
18 THE WITNESS: Madam Chair, the individual
19 packages does not reflect the cumulative calculation
20 and so it's not evident from the individual packages.
21 It would have to be calculated and totaled for each.
22 CHAIRMAN GOLDWAY: So let me show you what's
23 confusing us. If you look at on the summary narrative
24 page 2 of northwest Boston going into Boston PDC,
25 you'll see that there's an elimination of 328

1 positions, but 42 positions will be moved I presume,
2 and the current rolls in Boston are 1,076 and the new
3 will be 1,317. So where do we get this number of
4 1,317?
5 THE WITNESS: Okay.
6 CHAIRMAN GOLDWAY: And with managers, we go
7 from 92 to 106. Now, if you look at the second
8 example, which is Middlesex staff going into the
9 Boston PDC, you get 500 on the current rolls, 200
10 proposed, a difference of 308, and we begin with
11 1,176, end up with 1,361 as opposed to the 1,317 on
12 the other one, a difference of 185, and we wind up
13 with 99 managers instead of 106 managers.
14 And there is yet a third addition to all of
15 those and we can't figure out who is staying and who
16 is leaving and how these numbers add up. And if you
17 look at the Middlesex plant, the last two I gave you,
18 northwest Boston we think is closing, there will be no
19 plants. There are 370 employees being eliminated, but
20 in Middlesex, it says there are going to be 576
21 people, so only 67 will move and they're eliminating
22 20 managers and it looks like two will be there, so
23 there will be 38 instead of 36. But when you look at
24 the other consolidation of central Mass into
25 Middlesex, you start out with 509, you have

1 eliminating 480 employees, bringing in 61, and you
2 have a total of 570. Well, should it be 570 plus the
3 67 from the other consolidation, or is it just 567 and
4 where are they -- is the total going to just be that
5 after the consolidation from the two into Middlesex
6 and similarly with management numbers?
7 Do you have a global decision regarding the
8 Boston area so that we can understand, much less the
9 employees and management in Boston understand, what
10 these moving parts are?
11 THE WITNESS: Yes. We can provide a summary
12 because individually the differences are based on the
13 individual package and the move of the individual
14 package. The last example which you described, the
15 staffing expected at Middlesex is not the 576 plus the
16 570. But we can provide the summary that would have
17 the concluding calculations of all the individual
18 packages --
19 CHAIRMAN GOLDWAY: Okay.
20 THE WITNESS: -- so that we can reflect what
21 the actual complement is expected to be.
22 CHAIRMAN GOLDWAY: And then the most obvious
23 question that we had was you start out with over 1,100
24 employees in Boston and you're combining two or three
25 other operations into Boston. How do you account for

1 the ability of the Boston facility to handle the
2 workload and the consolidation and the number of
3 employees with those three different moving parts
4 going into the Boston facility?
5 THE WITNESS: And that's the expectation,
6 that we planned the complement at the productivity
7 levels that we've identified in order to handle that
8 workload. And again, we can provide the results of
9 calculating all of these individual impacts into one
10 conclusion.
11 CHAIRMAN GOLDWAY: Okay. Well, this is
12 important and we will be asking for the specifics, but
13 I think we don't quite understand how the AMP studies
14 take into consideration the ability of the Boston
15 facility to handle the workload after all of the
16 consolidations are made. What's the process for doing
17 that?
18 THE WITNESS: Well, that's in fact part of
19 the AMP process. As we described earlier, there is
20 different variables that are considered. One is
21 capacity of the facility. So we identify all of the
22 equipment necessary --
23 CHAIRMAN GOLDWAY: So is there a
24 comprehensive evaluation of the Boston facility that
25 shows how it's going to handle the accumulation of all

1 those new employees and functions in these AMPs?
2 THE WITNESS: Yes.
3 CHAIRMAN GOLDWAY: Not just a separate one,
4 one by one, but a regional one that provides that?
5 THE WITNESS: We in fact accomplish our
6 assessment of the capability of Boston, as the example
7 presented here, in order to accomplish that and, yes,
8 we can summarize the data to reflect that. The thing
9 to also remember, in Boston, part of the scenario, as
10 was described, the flat operations, flat-shape
11 operations are moving out of Boston into Middlesex, so
12 that also allows for that capability as well.
13 CHAIRMAN GOLDWAY: Okay. Well, we will be
14 asking shortly for this and probably for many other of
15 the AMPs certainly where there are more than two that
16 are combining and perhaps others because we are
17 finding it very difficult to follow the numbers here,
18 and I wanted you to be alerted to that and, in
19 particular, if you could work on this one quickly, it
20 might help us in terms of how to ask you follow-up
21 questions on subsequent AMPs.
22 THE WITNESS: Yes.
23 CHAIRMAN GOLDWAY: So, if you can provide us
24 this information, that would help. Commissioner
25 Langley has a question and I have a few more after

1 that.

2 VICE CHAIRMAN LANGLEY: I'm just curious, is

3 there a complementary assessment on how mailers will

4 be impacted say at this Boston consolidation, you

5 know, through the consolidation in Massachusetts?

6 THE WITNESS: Yes. The capabilities on all

7 of our AMPs, the capabilities of the facility, the

8 gaining facility are assessed as part of the decision

9 process.

10 VICE CHAIRMAN LANGLEY: So it would be

11 helpful to perhaps have a walkthrough on that, just

12 exactly how we see that as well, because certainly the

13 gaining facilities are going to have increased

14 workload and more CSAs, all of that and how will the

15 mailers be impacted.

16 CHAIRMAN GOLDWAY: Right. That's an

17 important question. And there are a couple of other

18 questions on this particular one that came up. One is

19 on the first one, which is the northwest Boston to

20 Boston PDC, it says, "after relocation of the BMEU" --

21 first it says, "the BMEU will remain until disposition

22 of the building," which we've heard before, "and after

23 that, the BMEU will be relocated at the Waltham Post

24 Office. After relocation, the employees will be

25 listed under the Waltham Post Office finance number."

1 So does that mean that there really isn't a savings
2 here. It just means that those employees will move and
3 be charged to the post office that they're assigned
4 to?
5 THE WITNESS: Correct, and we did not take
6 savings for the BMEU operations in the AMP proposals.
7 CHAIRMAN GOLDWAY: So you didn't take those
8 savings. And then it also says that in the northwest
9 Boston there is a -- let me see if I get this right --
10 I believe there's also a carrier route, or did I read
11 that in another one -- that in the northwest Boston
12 that's closing, there's a sorting facility, a carrier
13 route facility. Will those employees also move to
14 Waltham?
15 THE WITNESS: I'm not sure that's in --
16 CHAIRMAN GOLDWAY: Maybe it's in a different
17 one.
18 THE WITNESS: -- it may be another one. I
19 could be wrong. It may be another one. But again, if
20 those operations exist at a losing facility, the
21 decision whether or not that operation, the non-mail
22 processing operation moves is separate from the AMP
23 proposal. So they would remain and any decision there
24 would be a separate initiative.
25 CHAIRMAN GOLDWAY: Okay. And so the savings

1 will not be added into the AMP savings for those
2 employees?
3 THE WITNESS: Correct.
4 CHAIRMAN GOLDWAY: The central Mass facility
5 has a hub, and what happens to the hub in the central
6 Mass facility?
7 THE WITNESS: If there is a proposal to have
8 a hub at that location, then in fact the work hours
9 proposed to remain in that facility would include the
10 necessary work hours to perform the functions of that
11 operation.
12 CHAIRMAN GOLDWAY: And that will not be
13 charged or accounted for as a savings. It will
14 continue on the books?
15 THE WITNESS: Correct.
16 CHAIRMAN GOLDWAY: Okay. And then in the
17 comment on the summary of the central Mass facility
18 going into the Boston PDC, there is a note on
19 transportation changes. It says, "The transportation
20 costs associated with this consolidation is $3,680,000
21 for HCR and $66,000 for PVS. This increase in
22 transportation is related to the establishment of two
23 transfer hubs for the 013 and 016 ZIPs as well as a
24 modification to transportation that will facilitate
25 the 017 and 014 ZIPs to run directly from the Boston

1 PDC." We calculate that this reduces savings by about
2 40 percent. So, if it is true that you're going to be
3 establishing more hubs, does this indicate to you that
4 decisions to establish transfer hubs can have a
5 significant impact on the financial savings that are
6 proposed for the feasibility of consolidations?
7 THE WITNESS: These costs would be included
8 within the savings calculation of the overall package.
9 So these costs are accounted for within this package,
10 as would be in any proposal. And in fact, the
11 establishment of these hubs, although there's costs
12 associated with this, there could be a savings overall
13 for transportation by establishing the hubs. So
14 that's where the analysis, the overall analysis of the
15 transportation, as hub decisions are made, that would
16 be assessed at that time.
17 CHAIRMAN GOLDWAY: So we can look for the
18 additional costs for hubs within the transportation
19 analysis plan rather than in most of the AMPS?
20 THE WITNESS: Well, here is --
21 CHAIRMAN GOLDWAY: Or will the --
22 THE WITNESS: I'm sorry.
23 CHAIRMAN GOLDWAY: Or will the AMPs have
24 that indication as well? It is here, but --
25 THE WITNESS: Here is an example where the

1 hub was considered as part of the AMP proposal and in
2 fact the costs associated with that are included in
3 the AMP package and the calculations.
4 CHAIRMAN GOLDWAY: But the concern we have,
5 is this indicative of other costs that will counteract
6 the potential savings? So will we see these in AMPs,
7 or will we see these in the transportation analysis?
8 THE WITNESS: The overall plan should be the
9 resulting transportation analysis. But again, if
10 there are additional hubs added, the intent would be
11 to create a more efficient transportation network.
12 COMMISSIONER TAUB: Madam Chair, may I just
13 follow up on this one line of questioning?
14 CHAIRMAN GOLDWAY: By all means.
15 COMMISSIONER TAUB: Earlier in the
16 discussion with the counsel for NNA, you had pointed
17 out that any decisions regarding hubs and the AMP was
18 preliminary. I just want to clarify in this AMP we're
19 looking at, does this mean that in this case, the
20 decision has been made, or is that put together but
21 still in a preliminary state pending subsequent
22 review?
23 THE WITNESS: The way I would describe it is
24 that the result of the final transportation plan could
25 in fact support the proposal for this hub to exist.

1 And so the local expertise, we place a lot of value on
2 the input of the local expertise, and so we in fact
3 may find that once the transportation analysis is
4 complete that this was the best decision.
5 COMMISSIONER TAUB: So this is written in a
6 way of pending? It's not determined yet that despite
7 it pointing out there's two hubs there, it's --
8 THE WITNESS: The way I would describe it is
9 it's the current expectation unless it's changed by a
10 better scenario.
11 COMMISSIONER TAUB: Okay. I got you.
12 CHAIRMAN GOLDWAY: And one final question on
13 this. Do you think the cost that's involved with
14 setting up hubs, which at least in this proposal eats
15 into about 40 percent of the savings, is kind of a
16 normal proportion? Do you think that's what's likely
17 to occur when other hubs are established, that there
18 would be a similar kind of reduction in savings?
19 THE WITNESS: I can't speak to that. That
20 would be a transportation resulting -- result of a
21 transportation analysis because, as I also stated,
22 we're also going to depend on hubs that currently
23 exist within the network.
24 CHAIRMAN GOLDWAY: Okay.
25 THE WITNESS: So I can't speak specifically

1 to that level of detail.

2 CHAIRMAN GOLDWAY: Then I have one other

3 question, which is an ongoing concern of mine, and

4 that is the issue of citizens using the mail to

5 participate in elections. And I believe that we heard

6 from Mr. Williams that there will be a moratorium from

7 September through December to deal with election mail

8 and the heavy mail volume season through the holidays.

9 But I was reminded in looking at my emails

10 today that the California election is in June and

11 Californians have 40 to 50 percent of their votes

12 counted through vote by mail. What are your plans in

13 terms of rolling out these consolidation plans, and

14 are you taking into account the special concerns of

15 particular areas or regions or states in advance of

16 this September moratorium?

17 THE WITNESS: Yes, Madam Chairman. And

18 specifically in California, it was identified and the

19 proposed schedule that we expect coming out of our

20 facilities in California is that we would schedule any

21 operational consolidations taking into consideration

22 the primaries that were scheduled on June 5 in

23 California.

24 CHAIRMAN GOLDWAY: So you hopefully will

25 delay any consolidations until after that and then

1 whatever consolidations you do will be fairly in place
2 and well organized before the September bout of other
3 elections? Is that your concept?
4 THE WITNESS: Yes.
5 CHAIRMAN GOLDWAY: Okay. That's a concern I
6 have. Well, that completes my questions, your
7 questions. Do we have an opportunity for redirect?
8 We have a question from an Intervenor?
9 MS. WOOD: Madam Chairman, Jennifer Wood
10 from APWU. I have three questions, but he should be
11 able to answer --
12 CHAIRMAN GOLDWAY: Are they based on the
13 questions we have asked him?
14 MS. WOOD: They are. They primarily deal
15 with Commissioner Taub's line of question.
16 CHAIRMAN GOLDWAY: Then you can ask him.
17 FURTHER CROSS-EXAMINATION
18 BY MS. WOOD:
19 Q Can you confirm that compression means tour
20 compression as in moving from three shifts to two or
21 less?
22 A I would only be speculating. I reserve the
23 opportunity to answer that question -- to research it
24 and answer that question as I described earlier.
25 Q Okay, thank you. And can you confirm that

1 where some PIRs show that there's zero volume and then
2 operation that the AMP -- this is a little bit of a
3 longer question -- but where the AMP showed that there
4 was no change in office A plus office B volume for
5 that particular operation that some other event must
6 have occurred to make that volume disappear?
7 A It would be impossible for me to draw a
8 conclusion without seeing the example, the specific
9 examples.
10 Q Okay. And I guess then the last one would
11 be, can you confirm that the PIRs generally show lower
12 volume than the AMPs?
13 A Again, we'd have to take a look at the --
14 Q Generally? Would you agree generally?
15 A The PIR -- I'm sorry, can you repeat it?
16 Q That the post-implementation reviews
17 generally show lower volume than the AMPs? You're
18 talking about the snapshot in time comparison.
19 A I'd like to go back and look at that
20 particular indicator before I answer that question.
21 MS. WOOD: Okay, thank you. Thank you,
22 Madam Chairman. I thought it was just going to be a
23 quick confirmed, but thank you.
24 CHAIRMAN GOLDWAY: Okay. We've completed.
25 The opportunity is now for the Postal Service to have

1 redirect. What do we think, counsel?

2 MR. MECONE: Can we please have five

3 minutes?

4 CHAIRMAN GOLDWAY: Sure. You have five

5 minutes.

6 (Whereupon, a short recess was taken.)

7 CHAIRMAN GOLDWAY: Thank you, Postal

8 counsel, for coming back so quickly. Here we are back

9 to complete today's session.

10 MR. MECONE: James Mecone for the United

11 States Postal Service. The Postal Service has no

12 redirect.

13 CHAIRMAN GOLDWAY: Excellent. Well, Mr.

14 Neri, that completes your testimony here today and we

15 appreciate your appearance and contribution to your

16 record. You should be complimented that on Friday

17 afternoon, after four long days of hearings, that the

18 testimony that you prepared for us was so important

19 that we took three hours or more to go through it.

20 And we respect your contribution and value it and I'm

21 sure we will see you again at other proceedings, but

22 we were glad that you participated. So I'm pleased to

23 tell you that you're excused.

24 THE WITNESS: Thank you. I appreciate the

25 opportunity for being here.

1 (Witness excused.)

2 CHAIRMAN GOLDWAY: I want to thank all of
3 the participants and Intervenors and staff and Postal
4 attorneys who have been here and for your patience and
5 understanding if I have made mistakes or confused
6 things. I've tried to move things along as quickly as
7 I could. Our next hearing, which is for rebuttal
8 testimony to be entered into the record, is scheduled
9 for June 12. There being nothing further today, this
10 hearing is adjourned.

11 (Whereupon, at 5:43 p.m., the hearing in the
12 above-entitled matter was adjourned.)

13 //
14 //
15 //
16 //
17 //
18 //
19 //
20 //
21 //
22 //
23 //
24 //
25 //

REPORTER'S CERTIFICATE

DOCKET NO.: N2012-2

CASE TITLE: Mail Processing Network Rationalization Service Changes, 2012

HEARING DATE: 3/23/12

LOCATION: WDC

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before Postal Regulatory Commission.

Date: 3/23/12

Gabriel Gheorghiu

Official Reporter
Heritage Reporting Corporation
Suite 600
1220 L Street, N.W.
Washington, D.C. 20005-4018