

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

MAIL PROCESSING NETWORK RATIONALIZATION  
SERVICE CHANGES, 2011

Docket No. N2012-1

**UNITED STATES POSTAL SERVICE RESPONSE  
TO AMERICAN POSTAL WORKERS UNION INTERROGATORIES  
(APWU/USPS-26, 29-32 AND 43)**

The United States Postal Service today files its institutional responses to the above-identified interrogatories of the American Postal Workers Union, AFL-CIO, dated April 6, 2012. Each interrogatory is stated verbatim and followed by the response. Responses to APWU/USPS-27, 28 and 33 are forthcoming. Objections were filed to APWU/USPS-34 through 42, 44 and 45.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY**

**APWU/USPS-26**

Other than FCM parcels and periodicals, were any other classes of parcel mail evaluated or analyzed in the Network Rationalization plans for either an overall service level impact or overall cost impact?

- a) If so, what were the results of those evaluations? Please provide any data, documents and other information related to the evaluations and results.
- b) If no such evaluation was conducted as part of the Network Rationalization plans, were any such evaluations performed prior to the preparation of the Postal Service case in this docket but not included in the testimony for Docket N2012-1?

**RESPONSE**

The Postal Service has not performed the shape-based product-by-product analysis of potential service or cost impacts contemplated by this interrogatory in connection with the service changes under review in this docket.

- a. N/A.
- b. No. It is not clear for what purpose other than this docket that shaped-based service and/or cost analysis relevant to the service changes under review in this docket would have been conducted.

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**APWU/USPS-29**

Does the Network Rationalization plan contemplate operational changes to run a “hub and spoke” type network operation for “turnaround” parcel volume?

- a) Would such a design be considered in order to continue to provide overnight service for “turnaround” parcel volume?
- b) Have such plans been developed but not included in the Docket N2012-1?
- c) If such a plan has been developed, please provide the details of such plan.

**RESPONSE**

The network rationalization initiative under review in this docket does not involve any proposed material changes to the existing Network Distribution Center (NDC) network. As indicated in USPS-T-1, some relatively minor changes in origin-destination ZIP Code pair service standards could change for Package Services parcels that routinely flows through the NDC network.

The initiative also does not seek to establish an adjunct "turnaround" parcel processing hub-and-spoke network as part of the Processing & Distribution Center/Facility (P&DC/F) consolidations being contemplated in connection with the service changes under review in this docket. If and when such a concept is conceived and would appear to affect service on a substantially nationwide basis, and its implementation is deemed desirable and approved by the USPS Governors, and section 3661 is still in effect, an appropriate request for an advisory opinion will be filed with the Commission.

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**APWU/USPS-30**

As part of the Network Rationalization plan, has the Postal Service performed market research to evaluate the key features of service required in the marketplace for the various parcel subcategories of mail?

- a) If not, has such research been performed but outside the plans presented in Docket N2012-1?
- b) Please provide the results of any market research conducted.

**RESPONSE**

No. But see the response to APWU/USPS-12.

- a. See the response to APWU/USPS-12.
- b. N/A.

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**APWU/USPS-31**

As part of the Network Rationalization plan, has the Postal Service developed an overall product strategy for each of the various parcel subcategories of mail?

- a) If not, has such research been performed outside the plans presented in Docket N2012?
- b) Have such parcel product strategies been evaluated in terms of the impact of potential service degradation from the proposed Network Rationalization plan?
- c) Please provide the results of any such strategic evaluations.

**RESPONSE**

No. See the response to APWU/USPS-12.

- a. See the response to APWU/USPS-12.
- b. See the response to APWU/USPS-12.
- c. N/A.

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**APWU/USPS-32**

Does the Postal Service have an overall parcel strategy to reduce the network operations component of the portfolio of parcel products and primarily focus on the first-mile and last-mile capabilities of delivery and pick-up?

- a) If so, does such a strategy have a bearing on the proposed Network Rationalization plan, which has not been included in the testimony of Docket N2012-1?

**RESPONSE**

Such a strategy was contemplated as part of the June 2008 Network Plan (see USPS Library Reference N2012-1/2 at 31-32) but was superseded by the development and implementation of the current Network Distribution Center concept.

- a. N/A.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
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**APWU/USPS-43**

With relaxed service standards, mail volumes will almost certainly decrease.

- a) With this anticipated decrease in mail volume, has the Postal Service anticipated, or does it anticipate, an associated increase in unit cost of service?
- b) If the answer to a) is yes, has this been accounted for in the modeling for this plan?
- c) If the answer to b) is yes, where and how is that shown in the modeling?

**RESPONSE**

As reflected in USPS-T-9 through USPS-T-12, the Postal Service anticipates an overall reduction in operating costs and expects the proposed service changes to have an impact on mail volume. However, the Postal Service has not yet conducted analysis that would lead it to anticipate any change in direction of unit costs for particular products. The modeling in USPS-T-3 was not designed to measure product-by-product costs.