

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

<u>Party</u>	<u>Interrogatories</u>
<u>United States Postal Service</u>	
Dominic L. Bratta (USPS-T-5) American Postal Workers Union, AFL-CIO	APWU/USPS-T5-6b NPMHU/USPS-T5-6
Rebecca Elmore-Yalch (USPS-T-11) American Postal Workers Union, AFL-CIO	PRC/USPS-T11-POIR No. 2 - Q10 PRC/USPS-T11-POIR No. 6 - Q3-Q7 PRC/USPS-T11-POIR No. 7 - Q7
Postal Regulatory Commission	PRC/USPS-T11-POIR No. 2 - Q10 PRC/USPS-T11-POIR No. 6 - Q3-Q7 PRC/USPS-T11-POIR No. 7 - Q7 Response of USPS Witness Elmore-Yalch to Question Posed By Chairman Goldway During March 21, 2012 Oral Cross-Examination (Tr. Vol. 3, Page 671, Lines 11-18) Response of USPS Witness Elmore-Yalch to Question Posed During March 21, 2012 Oral Cross-Examination (Tr. Vol. 3, Pages 685-687)

Party**Cheryl D. Martin (USPS-T-6)**

American Postal Workers Union,
AFL-CIO

Postal Regulatory Commission

Frank Neri (USPS-T-4)

American Postal Workers Union,
AFL-CIO

Emily R. Rosenberg (USPS-T-3)

American Postal Workers Union,
AFL-CIO

Postal Regulatory Commission

Marc A. Smith (USPS-T-9)

American Postal Workers Union,
AFL-CIO

Postal Regulatory Commission

Interrogatories

APWU/USPS-T6-1-2, 12-13, 17-19, 21-27
GCA/USPS-T6-1, 4
NPMHU/USPS-T6-11
PRC/USPS-T6-POIR No. 1 - Q9, Q13
PRC/USPS-T6-POIR No. 7 - Q4-Q5

PRC/USPS-T6-POIR No. 7 - Q4-Q5

APWU/USPS-T1-49-55 redirected to T4
APWU/USPS-T4-32
GCA/USPS-T4-16, 17a-b
NPMHU/USPS-T4-12
PR/USPS-T4-15

APWU/USPS-T3-31
GCA/USPS-T3-20-23 40, 41a-c, 42-43, 45-46,
48-49
PR/USPS-T3-33-38, 40-42, 44-46
PRC/USPS-T3-POIR No. 6 - Q1-Q2

PRC/USPS-T3-POIR No. 6 - Q1-Q2

Response of USPS Witness Rosenberg to
Question Posed During March 22, 2012 Oral
Cross-Examination (Tr. Vol. 4, Pages 1489-1490)

PRC/USPS-T1-POIR No. 1 - Q2a redirected to T9
PRC/USPS-T4-POIR No. 7 - Q2 redirected to T9

PRC/USPS-T4-POIR No. 7 - Q2 redirected to T9

Response of USPS Witness Smith to Question
Posed By Chairman Goldway During March 23,
2012 Oral Cross-Examination (Tr. Vol. 5, Pages
1724-1726)

PartyInterrogatories**Gregory M. Whiteman (USPS-T-12)**

Postal Regulatory Commission

Response of USPS Witness Whiteman to
Question Posed During March 21, 2012 Oral
Cross-Examination (Tr. Vol. 3, Pages 807-810)

Response of USPS Witness Whiteman to
Question Posed During March 21, 2012 Oral
Cross-Examination (Tr. Vol. 3, Pages 814-816)

David Williams (USPS-T-1)American Postal Workers Union,
AFL-CIO

APWU/USPS-T1-32-33, 34a-c, 35, 43, 46
NNA/USPS-T1-1
PR/USPS-T1-5-6
PRC/USPS-T1-POIR No. 5 - Q2

Postal Regulatory Commission

PRC/USPS-T1-POIR No. 5 - Q2

Response of USPS Witness Williams to
Question Posed During March 20, 2012 Oral
Cross-Examination (Tr. Vol. 2, Page 277)

Response of USPS Witness Williams to
Question Posed During March 20, 2012 Oral
Cross-Examination (Tr. Vol. 2, Page 294)

Response of USPS Witness Williams to
Question Posed During March 20, 2012 Oral
Cross-Examination (Tr. Vol. 2, Page 420)

Response of USPS Witness Williams to
Question Posed By Commissioner Taub
During March 20, 2012 Oral Cross-Examination
(Tr. Vol. 2, Page 422)

Party

Interrogatories

Institutional

American Postal Workers Union,
AFL-CIO

APWU/USPS-2, 9, 10a, 10c, 11-17, 21-23, 25-26,
29-32, 43

APWU/USPS-T1-36-42, 44, 47-48 redirected to
USPS

APWU/USPS-T4-20d redirected to USPS

APWU/USPS-T6-4, 9 redirected to USPS

APWU/USPS-T10-7 redirected to USPS

CPI/USPS-3-4, 8, 16-17

GCA/USPS-T3-41d, 44 redirected to USPS

NAPM/USPS-T4-4 redirected to USPS

NPMHU/USPS-3, 5

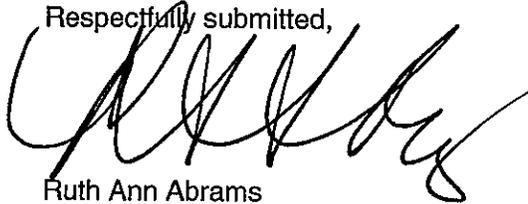
PR/USPS-1, 3, 5-8

PR/USPS-T3-30-32 redirected to USPS

Postal Regulatory Commission

APWU/USPS-T6-4 redirected to USPS

Respectfully submitted,



Ruth Ann Abrams
Acting Secretary

INTERROGATORY RESPONSES
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

United States Postal Service

Dominic L. Bratta (USPS-T-5)

APWU/USPS-T5-6b

APWU

NPMHU/USPS-T5-6

APWU

Rebecca Elmore-Yalch (USPS-T-11)

PRC/USPS-T11-POIR No. 2 - Q10

APWU, PRC

PRC/USPS-T11-POIR No. 6 - Q3

APWU, PRC

PRC/USPS-T11-POIR No. 6 - Q4

APWU, PRC

PRC/USPS-T11-POIR No. 6 - Q5

APWU, PRC

PRC/USPS-T11-POIR No. 6 - Q6

APWU, PRC

PRC/USPS-T11-POIR No. 6 - Q7

APWU, PRC

PRC/USPS-T11-POIR No. 7 - Q7

APWU, PRC

Response of USPS Witness Elmore-Yalch to Question
Posed By Chairman Goldway During March 21, 2012
Oral Cross-Examination (Tr. Vol. 3, Page 671, Lines 11-18)

PRC

Response of USPS Witness Elmore-Yalch to Question
Posed During March 21, 2012 Oral Cross-Examination
(Tr. Vol. 3, Pages 685-687)

PRC

Cheryl D. Martin (USPS-T-6)

APWU/USPS-T6-1

APWU

APWU/USPS-T6-2

APWU

APWU/USPS-T6-12

APWU

APWU/USPS-T6-13

APWU

APWU/USPS-T6-17

APWU

APWU/USPS-T6-18

APWU

APWU/USPS-T6-19

APWU

APWU/USPS-T6-21

APWU

APWU/USPS-T6-22

APWU

APWU/USPS-T6-23

APWU

APWU/USPS-T6-24

APWU

APWU/USPS-T6-25

APWU

InterrogatoryDesignating Parties

APWU/USPS-T6-26	APWU
APWU/USPS-T6-27	APWU
GCA/USPS-T6-1	APWU
GCA/USPS-T6-4	APWU
NPMHU/USPS-T6-11	APWU
PRC/USPS-T6-POIR No. 1 - Q9	APWU
PRC/USPS-T6-POIR No. 1 - Q13	APWU
PRC/USPS-T6-POIR No. 7 - Q4	APWU, PRC
PRC/USPS-T6-POIR No. 7 - Q5	APWU, PRC

Frank Neri (USPS-T-4)

APWU/USPS-T4-32	APWU
APWU/USPS-T1-49 redirected to T4	APWU
APWU/USPS-T1-50 redirected to T4	APWU
APWU/USPS-T1-51 redirected to T4	APWU
APWU/USPS-T1-52 redirected to T4	APWU
APWU/USPS-T1-53 redirected to T4	APWU
APWU/USPS-T1-54 redirected to T4	APWU
APWU/USPS-T1-55 redirected to T4	APWU
GCA/USPS-T4-16	APWU
GCA/USPS-T4-17a	APWU
GCA/USPS-T4-17b	APWU
NPMHU/USPS-T4-12	APWU
PR/USPS-T4-15	APWU

Emily R. Rosenberg (USPS-T-3)

APWU/USPS-T3-31	APWU
GCA/USPS-T3-20	APWU
GCA/USPS-T3-21	APWU
GCA/USPS-T3-22	APWU
GCA/USPS-T3-23	APWU
GCA/USPS-T3-40	APWU
GCA/USPS-T3-41a	APWU
GCA/USPS-T3-41b	APWU
GCA/USPS-T3-41c	APWU
GCA/USPS-T3-42	APWU

InterrogatoryDesignating Parties

GCA/USPS-T3-43	APWU
GCA/USPS-T3-45	APWU
GCA/USPS-T3-46	APWU
GCA/USPS-T3-48	APWU
GCA/USPS-T3-49	APWU
PR/USPS-T3-33	APWU
PR/USPS-T3-34	APWU
PR/USPS-T3-35	APWU
PR/USPS-T3-36	APWU
PR/USPS-T3-37	APWU
PR/USPS-T3-38	APWU
PR/USPS-T3-40	APWU
PR/USPS-T3-41	APWU
PR/USPS-T3-42	APWU
PR/USPS-T3-44	APWU
PR/USPS-T3-45	APWU
PR/USPS-T3-46	APWU
PRC/USPS-T3-POIR No. 6 - Q1	APWU, PRC
PRC/USPS-T3-POIR No. 6 - Q2	APWU, PRC
Response of USPS Witness Rosenberg to Question Posed During March 22, 2012 Oral Cross-Examination (Tr. Vol. 4, Pages 1489-1490)	PRC
Marc A. Smith (USPS-T-9)	
PRC/USPS-T1-POIR No. 1 - Q2a redirected to T9	APWU
PRC/USPS-T4-POIR No. 7 - Q2 redirected to T9	APWU, PRC
Response of USPS Witness Smith to Question Posed By Chairman Goldway During March 23, 2012 Oral Cross-Examination (Tr. Vol. 5, Pages 1724-1726)	PRC
Gregory M. Whiteman (USPS-T-12)	
Response of USPS Witness Whiteman to Question Posed During March 21, 2012 Oral Cross-Examination (Tr. Vol. 3, Pages 807-810)	PRC
Response of USPS Witness Whiteman to Question Posed During March 21, 2012 Oral Cross-Examination (Tr. Vol. 3, Pages 814-816)	PRC

InterrogatoryDesignating Parties**David Williams (USPS-T-1)**

APWU/USPS-T1-32	APWU
APWU/USPS-T1-33	APWU
APWU/USPS-T1-34a	APWU
APWU/USPS-T1-34b	APWU
APWU/USPS-T1-34c	APWU
APWU/USPS-T1-35	APWU
APWU/USPS-T1-43	APWU
APWU/USPS-T1-46	APWU
NNA/USPS-T1-1	APWU
PR/USPS-T1-5	APWU
PR/USPS-T1-6	APWU
PRC/USPS-T1-POIR No. 5 - Q2	APWU, PRC

Response of USPS Witness Williams to Question Posed During March 20, 2012 Oral Cross-Examination (Tr. Vol. 2, Page 277)	PRC
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Response of USPS Witness Williams to Question Posed During March 20, 2012 Oral Cross-Examination (Tr. Vol. 2, Page 294)	PRC
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Response of USPS Witness Williams to Question Posed During March 20, 2012 Oral Cross-Examination (Tr. Vol. 2, Page 420)	PRC
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Response of USPS Witness Williams to Question Posed By Commissioner Taub During March 20, 2012 Oral Cross-Examination (Tr. Vol. 2, Page 422)	PRC
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Institutional

APWU/USPS-2	APWU
APWU/USPS-9	APWU
APWU/USPS-10a	APWU
APWU/USPS-10c	APWU
APWU/USPS-11	APWU
APWU/USPS-12	APWU
APWU/USPS-13	APWU
APWU/USPS-14	APWU
APWU/USPS-15	APWU
APWU/USPS-16	APWU

InterrogatoryDesignating Parties

APWU/USPS-17	APWU
APWU/USPS-21	APWU
APWU/USPS-22	APWU
APWU/USPS-23	APWU
APWU/USPS-25	APWU
APWU/USPS-26	APWU
APWU/USPS-29	APWU
APWU/USPS-30	APWU
APWU/USPS-31	APWU
APWU/USPS-32	APWU
APWU/USPS-43	APWU
APWU/USPS-T1-36 redirected to USPS	APWU
APWU/USPS-T1-37 redirected to USPS	APWU
APWU/USPS-T1-38 redirected to USPS	APWU
APWU/USPS-T1-39 redirected to USPS	APWU
APWU/USPS-T1-40 redirected to USPS	APWU
APWU/USPS-T1-41 redirected to USPS	APWU
APWU/USPS-T1-42 redirected to USPS	APWU
APWU/USPS-T1-44 redirected to USPS	APWU
APWU/USPS-T1-47 redirected to USPS	APWU
APWU/USPS-T1-48 redirected to USPS	APWU
APWU/USPS-T4-20d redirected to USPS	APWU
APWU/USPS-T6-4 redirected to USPS	APWU, PRC
APWU/USPS-T6-9 redirected to USPS	APWU
APWU/USPS-T10-7 redirected to USPS	APWU
CPI/USPS-3	APWU
CPI/USPS-4	APWU
CPI/USPS-8	APWU
CPI/USPS-16	APWU
CPI/USPS-17	APWU
GCA/USPS-T3-41d redirected to USPS	APWU
GCA/USPS-T3-44 redirected to USPS	APWU
NAPM/USPS-T4-4 redirected to USPS	APWU
NPMHU/USPS-3	APWU
NPMHU/USPS-5	APWU
PR/USPS-1	APWU
PR/USPS-3	APWU
PR/USPS-5	APWU

Interrogatory

PR/USPS-6
PR/USPS-7
PR/USPS-8
PR/USPS-T3-30 redirected to USPS
PR/USPS-T3-31 redirected to USPS
PR/USPS-T3-32 redirected to USPS

Designating Parties

APWU
APWU
APWU
APWU
APWU
APWU

N2012-1

United States Postal Service

**Dominic L. Bratta
(USPS-T-5)**

SECOND SUPPLEMENTAL RESPONSE OF UNITED STATES POSTAL
SERVICE WITNESS BRATTA TO AMERICAN POSTAL WORKERS UNION,
AFL-CIO INTERROGATORY

APWU/USPS-T5-6 Please see your response to APWU/USPS-T4-9, redirected to you from USPS Witness Neri.

b) For each facility identified in subpart a) describe what happened to the excess equipment and building in each case.

RESPONSE:

b) Please see the attached file, major_equipment_moved.xls.

Name	ST	Status
Daytona Beach	FL	Houses retail, delivery, and other operations.
Huntington	WV	Occupied by Postal Service operations.
Oxnard	CA	On the market.
Salinas	CA	Houses retail operations.
Sioux City	IA	On the market.
Waterbury	CT	Houses carriers and retail operations.
West Jersey	NJ	On the market.
Charlottesville	VA	Occupied by Postal Service operations.
Elmira	NY	Occupied by Postal Service operations.
Jamestown	NY	The Postal Service is in the process of determining the appropriate action for this facility.
Wilkes Barre	PA	Occupied by Postal Service operations.
Royal Oak	MI	Occupied by Postal Service operations.
Binghamton	NY	Houses carriers and Stamp Distribution Center.
Marysville	CA	The Postal Service is in the process of determining the appropriate action for this facility.
Kansas City	KS	Houses processing operations.
Portsmouth	NH	Houses delivery operations.
Lima	OH	Sold.

SITE_ID	SITE_NAME	Site Status	ACRONYM	EQUIP_N O	CLASS_C ODE	SERIAL_ NO	MODEL
33	BINGHAMTON PO	active	AFCS	1	AE	00681	FAM885
33	BINGHAMTON PO	active	AFCS	2	AE	979	FAM885
33	BINGHAMTON PO	active	DBCS	2	CJ	1876	995
33	BINGHAMTON PO	active	DBCS	3	CI	03271	994
33	BINGHAMTON PO	active	DBCS	5	CJ	60240	996
33	BINGHAMTON PO	active	DBCS	6	CJ	60251	996
33	BINGHAMTON PO	active	DBCS	1	CJ	0046I	994
33	BINGHAMTON PO	active	DBCS	1	CB	0046I	994
33	BINGHAMTON PO	active	DIOSS	7	AE	999999	DIOSS-D
33	BINGHAMTON PO	active	SPBS	1	AB	174	PHASE2
33	BINGHAMTON PO	active	UFSM1000	3	AA	320	1000
33	BINGHAMTON PO	active	UFSM1000	2	AA	343	1000

EQUIP_COMMENTS

CURRENTLY LOCATED

Not Moved

Not Moved

Not Moved Still operational

Not Moved Still operational

Not Moved Still operational

Not Moved Still operational

SYRACUSE,NY

Not Moved

Not Moved Still operational

Oregon

Not Found Possibly Exceeded

Exceeded

SITE_ID	SITE_NAME	Site Status	ACRONYM	EQUIP_N O	CLASS_C ODE	SERIAL_ NO
72	CHARLOTTESVILLE PDF	inactive	AFCS	1	AE	574
72	CHARLOTTESVILLE PDF	inactive	AFCS	2	AB	956
72	CHARLOTTESVILLE PDF	inactive	AFSM100	11	AA	2198
72	CHARLOTTESVILLE PDF	inactive	DBCS	2	CJ	2331
72	CHARLOTTESVILLE PDF	inactive	DBCS	1	CI	2483
72	CHARLOTTESVILLE PDF	inactive	DBCS	3	CD	2786
72	CHARLOTTESVILLE PDF	inactive	DBCS	6	AA	3672
72	CHARLOTTESVILLE PDF	inactive	DBCS	21	AB	3672
72	CHARLOTTESVILLE PDF	inactive	DBCS	5	AB	03683
72	CHARLOTTESVILLE PDF	inactive	DBCS	22	AB	03683
72	CHARLOTTESVILLE PDF	inactive	DBCS	4	CD	4454
72	CHARLOTTESVILLE PDF	inactive	DIOSS	07X	AE	00000
72	CHARLOTTESVILLE PDF	inactive	DIOSS	07	AE	00205
72	CHARLOTTESVILLE PDF	inactive	FSM1000	2	AA	164
72	CHARLOTTESVILLE PDF	inactive	SPBS	1	AA	278

MODEL	EQUIP_COMMENTS	CURRENTLY LOCATED
ISS		RICHMOND PDC OR PDA
ISS		RICHMOND PDC OR PDA
100		RICHMOND PDC OR PDA
IV 996		RICHMOND PDC OR PDA
IV 996		RICHMOND PDC OR PDA
996		RICHMOND PDC OR PDA
990		RICHMOND PDC OR PDA
990		RICHMOND PDC OR PDA
990		RICHMOND PDC OR PDA
990		RICHMOND PDC OR PDA
990		RICHMOND PDC OR PDA
996		RICHMOND PDC OR PDA
SIEMENS		RICHMOND PDC OR PDA
SIEMENS		RICHMOND PDC OR PDA
1000	Excessed	
SPBS		Merrifield VA

SITE_ID	SITE_NAME	Site Status	ACRONYM	EQUIP_N O	CLASS_ CODE	SERIAL_ NO	MODEL
105	DAYTONA BCH PDF	inactive	AFCS	1	AE	00766	FAM885
105	DAYTONA BCH PDF	inactive	AFCS	2	AE	00782	FAM885
105	DAYTONA BCH PDF	inactive	AFSM100	3	AA	2294	100
105	DAYTONA BCH PDF	inactive	AFSM100	7	AD	2294	100
105	DAYTONA BCH PDF	inactive	DBCS	1	CI	2971	996
105	DAYTONA BCH PDF	inactive	DBCS	2	CI	2611	996
105	DAYTONA BCH PDF	inactive	DBCS	3	CI	50646	998
105	DAYTONA BCH PDF	inactive	DBCS	4	CJ	50666	998
105	DAYTONA BCH PDF	inactive	DBCS	5	AC	03348	990
105	DAYTONA BCH PDF	inactive	DBCS	6	AC	03508	990
105	DAYTONA BCH PDF	inactive	DBCS	7	CJ	2945	996
105	DAYTONA BCH PDF	inactive	DBCS	8	CJ	0411E	994
105	DAYTONA BCH PDF	inactive	DBCS	10	CJ	00294E	994
105	DAYTONA BCH PDF	inactive	DBCS	11	CJ	1884	995
105	DAYTONA BCH PDF	inactive	DIOSS	1	AE	153	D

EQUIP_COMMENTS CURRENTLY LOCATED

Still there

Still there

Still there

Still there

Mid Florida

SITE_ID	SITE_NAME	Site Status	ACRONY M	EQUIP_N O	CLASS_C ODE	SERIAL_ NO	MODEL
132	ELMIRA POST OFFICE	inactive	DBCS	1	CJ	2335	996
132	ELMIRA POST OFFICE	inactive	DBCS	2	CJ	50432	V
132	ELMIRA POST OFFICE	inactive	DBCS	3	CJ	50448	V
132	ELMIRA POST OFFICE	inactive	DBCS	4	CJ	2305	996
132	ELMIRA POST OFFICE	inactive	DBCS	5	CJ	59465	V
132	ELMIRA POST OFFICE	inactive	DBCS	6	CJ	50486	V

EQUIP_COMMENTS CURRENTLY LOCATED

Rochester NY

Rochester NY

Rochester NY

Rochester NY

Rochester NY

Rochester NY

SITE_ID	SITE_NAME	Site Status	ACRONYM	EQUIP_NO	CLASS_C ODE	SERIAL_ NO	MODEL
195	HUNTINGTON PDF	active	AFCS	1	AD	01046	885
195	HUNTINGTON PDF	active	DBCS	1	CJ	1459	995
195	HUNTINGTON PDF	active	DBCS	2	CB	2725	996
195	HUNTINGTON PDF	active	DBCS	3	BA	60081	PHASE 6
195	HUNTINGTON PDF	active	DIOSS	1	AE	091	DIOSS D
195	HUNTINGTON PDF	active	DIOSS	1	AD	NEED	DIOSS D
195	HUNTINGTON PDF	active	UFSM1000	1	AA	7014106	1000

EQUIP_COMMENTS CURRENTLY LOCATED

CHARLESTON, WV
CHARLESTON, WV
CHARLESTON, WV
CHARLESTON, WV
CHARLESTON, WV
CHARLESTON, WV

Excessed

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

NPMHU/USPS-T5—6 Referring to the results of the AMP decisions announced by the Postal Service on February 23, 2012, and published at <http://about.usps.com/what-we-are-doing/our-futurenetwork/assets/pdf/communications-list-022212.pdf>:

- a) Please identify all facilities currently under lease that, based on the decisions announced February 23, 2012, the Postal Service will vacate. For all such facilities, state the current end of lease date, and any penalties associated with early termination of the lease.
- b) Please identify all facilities currently owned by the Postal Service that, based on the decisions announced February 23, 2012, the Postal Service will vacate and intends to sell.
- c) Please explain the status and future plans for any facilities not included in your response to (a) or (b) where the decision announced February 23, 2012, was a "full" consolidation.

RESPONSE:

a-c) I am informed by Facilities Program Management that the Postal Service has made no decision concerning future plans for the facilities addressed in this interrogatory.

N2012-1

United States Postal Service

**Rebecca Elmore-Yalch
(USPS-T-11)**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ELMORE-YALCH
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 2, Q10

10 In testimony USPS-T-11, sampling weights are provided for the Small Business Sample in figure 23 on page 34 and are used in calculating the Volume Forecasts presented in figure 45 on page 52.

- a. Please explain why sampling weights are not provided for the Home Business Sample.
- b. Please explain how the results are affected by the lack of sampling weights for the Home Business Sample.

RESPONSE:

(a) Sampling weights are generally applied when as a result of the sampling plan (*e.g.*, a stratified sample that affects the selection process) or a review of the data prior to analysis indicates that the sample does not represent the population (based on known population characteristics). Further, there is no reliable source of information about the actual characteristics (*i.e.*, distribution of industries, number of employees, revenue, *etc.*) of the total population of home-based businesses. In this instance, neither the sample plan nor the selection of interviewees suggests any empirical reason for weighting the data. Therefore, no weighting is appropriate or necessary.

Weighting would be appropriate if the data from small and home-based businesses were combined, something we had no need to undertake. Separate estimates of the percentage change in volume as well as estimates of average volume were provided for each segment, and analysis—including that of witness Whiteman—was accomplished at the segment level.

(b) As explained in the response to part (a), no empirical justification for weighting the Home Business segment exists; as such the results are unaffected and therefore accurate as they have been provided.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
ELMORE-YALCH TO POIR 6

Question 3.

Please refer to the Postal Service's response to POIR No. 5, question 24, parts (b) and (c).

- a. In the following table, please indicate with a yes or no response if a given point estimate of a volume change, β_t , is statistically different from zero by performing a Wald test of the null hypothesis $H_0: \beta_t = 0$ against the alternative hypothesis $H_a: \beta_t \neq 0$.

	National Accounts	Premier Accounts	Preferred Accounts	Small Businesses	Home-Based Businesses	Consumers
First-Class Mail						
Presort FCM						
Priority Mail						
Express Mail						
Regular Periodical						
Not-for-Profit Periodical						
Regular Bulk/Standard						
Not-for-Profit Bulk/Standard						
Total Mail Volume						

- b. Please confirm that in order to perform the statistical test described in part (a), a two-sided test is required. If not confirmed, please explain and identify the necessary statistical test.
- c. A one-sided Wald test is used to test whether the sign of a change in volume estimate is significant. For example, consider the point estimate of the change in total mail volume for National Accounts, $\beta = -0.14\%$. Then, a test of whether this estimate is significantly negative is constructed according to the following null and alternative hypotheses:
 $H_0: \beta \geq 0$ and $H_a: \beta < 0$.
 - i. Please confirm that for null hypothesis involving inequalities, a one-sided test is required. If not confirmed, please explain and identify the necessary statistical test.
 - ii. In the following table, please indicate with a yes or a no response if you are able to reject the null hypothesis that the estimate provided is of the opposite sign at the 5 percent level.

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	National Accounts	Premier Accounts	Preferred Accounts	Small Businesses	Home-Based Businesses	Consumers
First-Class Mail						
Presort FCM						
Priority Mail						
Express Mail						
Regular Periodical						
Not-for-Profit Periodical						
Regular Bulk/Standard						
Not-for-Profit Bulk/Standard						
Total Mail Volume						

RESPONSE:

(a) This question requests additional analysis to determine if the forecasts for the percentage change in volume provided by ORC International (witness Elmore-Yalch) are statistically different from zero. This response is accordingly provided after consultation with statistical expertise available to ORC International.

In response to this question we have used a linear model in the form of $V_{\Delta} = \beta V_B$, where V_{Δ} is volume difference in response to proposed changes to First-Class Mail service standards, and V_B is projected volume before considering the proposed changes. We can solve for β using simple linear regression.

We can test the null hypothesis that there is no change in volume ($H_0: \beta=0$) using the usual t-tests. In this case, since there is a single parameter being estimated, the t-test

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is comparable to the Wald test, as documented in

http://www.blackwellpublishing.com/specialarticles/jcn_10_774.pdf.

Results from this analysis follow. A notation of "pass" indicates that the percentage change in volume for a product is statistically different from zero. A notation of "fail" indicates that we find insufficient evidence to reject the null hypothesis ($H_0: \beta=0$) that there is no change in stated mail volume. **This does not, however, imply that measured change in volume is actually zero.** The null hypothesis can never be proven—that is, a set of data can only reject the null hypothesis or fail to reject it.

Two-Sided Tests

	National Accounts	Premier Accounts	Preferred Accounts	Small Businesses	Home- Based Businesses	Consumers
First-Class Mail	FAIL	FAIL	PASS	FAIL	FAIL	PASS
Presort FCM	FAIL	FAIL	PASS			
Priority Mail	FAIL	FAIL	PASS	FAIL	PASS	PASS
Express Mail	FAIL	FAIL	PASS	PASS	PASS	PASS
Regular Periodical	PASS	FAIL	FAIL			
Not-for-Profit Periodical	(N/A)	PASS	PASS			
Regular Bulk/Standard	(N/A)	FAIL	PASS			
Not-for-Profit Bulk/Standard	(N/A)	FAIL	FAIL			
Total Mail Volume	FAIL	FAIL	PASS	FAIL	PASS	PASS
n/a – Estimate of percentage change was 0% so test is not applicable						

(b) Since the null hypothesis specifies no direction for the difference, a two-tailed test is appropriate. Confirmed.

(c) (i) Confirmed. Since the null hypothesis is ($H_0: \beta \geq 0$) and we wish to test the alternative hypothesis that $H_a < 0$, a one-sided test is appropriate since the critical

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values for which we can reject the null hypothesis H_0 are located entirely in one-tail of the probability distribution.

To check for one-tailed test of $\beta < 0$, a cell needs to have a significance value between .00 and .10 AND the coefficient must be negative. (i.e. it needs to pass a 2-tailed test at 90 percent level AND be negative). If a cell passes the two-tailed test at the 95 percent confidence level (see response to Question 3(a)) it by definition passes the one-tail test. If a cell fails the two-tailed test but has significance between .05 and .10 and the coefficient is negative, it passes the one-tailed test at the 95 percent confidence level.

(ii) The following is the result of this additional analysis. None of the values tested in 3(a) failed the two-tailed test but passed the one-tailed test.

One-Sided Test (For Negative Coefficients)

	National Accounts	Premier Accounts	Preferred Accounts	Small Businesses	Home-Based Businesses	Consumers
First-Class Mail	FAIL	FAIL	PASS	FAIL	FAIL	PASS
Presort FCM	FAIL	FAIL	PASS			
Priority Mail	FAIL	FAIL	PASS	FAIL	PASS	PASS
Express Mail	FAIL	FAIL	PASS	PASS	PASS	PASS
Regular Periodical	PASS	FAIL	FAIL			
Not-for-Profit Periodical	(N/A)	PASS	PASS			
Regular Bulk/Standard	(N/A)	FAIL	PASS			
Not-for-Profit Bulk/Standard	(N/A)	FAIL	FAIL			
Total Mail Volume	FAIL	FAIL	PASS	FAIL	PASS	PASS

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Question 4.

Please refer to the file "First-Class Mail_LargeCommercial_Final_DataFile_USPS-N2012-1.NP1.sav" and the variables Q12BILLS, Q12PAYMENTS, Q12ADVERTISING, Q12COMMUNICATION, Q12DOCUMENTS, Q12MAGAZINES, Q12NEWSPAPERS, and Q12NEWSLETTERS documented on pages 108-113 of your testimony.

- a. Please confirm that most of the responses to these questions are missing, or are not provided.
- b. Please explain how you handled these missing responses in calculating adjusted total mail volumes.

RESPONSE:

a) Not confirmed. The referenced questions were asked of a limited number of respondents based on their specific responses to preceding questions. Data reflecting responses to all questions posed, and answered, have been provided: as such, no responses "are missing, or are not provided."

The following table summarizes the logic, including questions asked and responses provided, which led to specific respondents being asked the referenced questions. (Refer to the questionnaires in my testimony (USPS-T-11, pp. 89-113) for details on respective questions and related programming notes.)

Q12BILLS	S701 = 1 (Yes)	S701A = 1 (Yes)	Q3 >0	DIFFERENCE_BILLS <>0 DIFFERENCE_BILLS IS A COMPUTED VARIABLE (Q1A_2012 – Q5A)
Q12PAYMENTS	S702 = 1 (Yes)	S702A = 1 (Yes)	Q3 >0	DIFFERENCE_PAYMENTS <>0 DIFFERENCE_PAYMENTS IS A COMPUTED VARIABLE (Q1B_2012 – Q6A)
Q12ADVERTISING	S703 = 1 (Yes)	S703A = 1 (Yes)	Q3 >0	DIFFERENCE_ADVERTISING <>0 DIFFERENCE_ADVERTISING IS A COMPUTED VARIABLE (Q1C_2012 – Q7A)

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Q12COMMUNICATIONS	S704 = 1 (Yes)	S704A = 1 (Yes)	Q3 >0	DIFFERENCE_COMMUNICATIONS <>0 DIFFERENCE_COMMUNICATIONS ISA COMPUTED VARIABLE (Q1D_2012 – Q8A)
Q12DOCUMENTS	S705 = 1 (Yes)	S705A = 1 (Yes)	Q3 >0	DIFFERENCE_DOCUMENTS <>0 DIFFERENCE_DOCUMENTS IS A COMPUTED VARIABLE (Q1E_2012 – Q8C)
Q12MAGAZINES	S706 = 1 (Yes)	S706A = 1 (Yes)	Q3 >0	DIFFERENCE_MAGAZINES <>0 DIFFERENCE_MAGAZINES IS A COMPUTED VARIABLE (Q1E_2012 – Q9A)
Q12NEWSPAPERS	S707 = 1 (Yes)	S707A = 1 (Yes)	Q3 >0	DIFFERENCE_NEWSPAPERS <>0 DIFFERENCE_NEWSPAPERS IS A COMPUTED VARIABLE (Q1F_2012 – Q10A)
Q12NEWSLETTERS	S708 = 1 (Yes)	S708A = 1 (Yes)	Q3 >0	DIFFERENCE_NEWSLETTERS <>0 DIFFERENCE_NEWSLETTERS IS A COMPUTED VARIABLE (Q1G_2012 – Q11A)

In more prosaic terms, only those respondents who indicated that:

- (1) their organization used the mail (meaning USPS) for the corresponding application;
- (2) they were personally responsible for the corresponding application;
- (3) they likely would change the volume of mail to be sent if changes to First-Class Mail service standards were implemented; and
- (4) the mail volume they reported would be sent for the corresponding application after the service standards were changed *actually differed* from the mail volume they estimated would be sent under current standards

would be asked those questions referenced in part (a).

b) As reflected in the response to part (a), no responses are truly "missing" as this question incorrectly assumes. The values used in calculating total adjusted mail volumes in these cases were either the volume given in the preceding questions (when respondents indicated they would not change the volume of mail they sent) or the volume given in the succeeding questions (when respondents indicated they would

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change the volume of mail they would send if service standards were changed)
adjusted by the LIKELY_CHANGE maximum which is the maximum probability that a
respondent's behavior would change as a result of the proposed changes to First-Class
Mail service standards.

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Question 5.

Please refer to the file "First-Class Mail_SmallHome_Final_DataFile_USPS-N2012-1.NP1.sav" and the variables Q12BILLS, Q12PAYMENTS, Q12ADVERTISING, Q12COMMUNICATION, Q12DOCUMENTS, and Q12NEWSLETTERS documented on pages 132-136 of your testimony.

- a. Please confirm that most of the responses to these questions are missing, or are not provided.
- b. Please explain how you handled these missing responses in calculating adjusted total mail volumes.

RESPONSE:

- a) Not confirmed.
- b) See the response to Presiding Officer's Information Request No. 6, question 4.

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Question 6.

Please refer to the file "First-Class Mail_Consumers_Final_DataFile_USPS-N2012-1.NP1.sav" and the variables U6C, U7C, and U8C documented on pages 144-147 of your testimony.

- a. Please confirm that most of the responses to these questions are missing, or are not provided.
- b. Please explain how you handled these missing responses in calculating adjusted total mail volumes.

RESPONSE:

- a) Not confirmed.
- b) See the response to Presiding Officer's Information Request No. 6, question 4.

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Question 7.

Please refer to USPS-N2012-1/NP1. The files "First-Class Mail_LargeCommercial_Final_DataFile_USPS-N2012-1.NP1.sav", "First-Class Mail_SmallHome_Final_DataFile_USPS-N2012-1.NP1.sav", and "First-Class Mail_Consumers_Final_DataFile_USPS-N2012-1.NP1.sav" contain observations that were not used in volume calculations due to missing data. Please provide a dataset which contains only those observations which were used in calculating the volume impact forecasts presented on pages 50-52 of USPS-T-11. For each observation, please include all associated sample weights and observation identifiers in addition to the following data:

- a. From the Large Business Survey: Q1_2012A, Q1_2012B, Q1_2012C, Q1_2012D, Q1_2012DD, Q1_2012E, Q1_2012F, Q1_2012_G, Q2A_2012, Q2B_2012, Q2C_2012, Q2D_2012, Q2DD_2012, Q2E_2012, Q2F_2012, Q2G_2012, Q3, Q4, Q5A, Q5B, Q6A, Q6B, Q7A, Q7B, Q8A, Q8B, Q8C, Q8D, Q9A, Q9B, Q10A, Q10B, Q11A, Q11B, Q12BILLS, Q12PAYMENTS, Q12ADVERTISING, Q12COMMUNICATIONS, Q12DOCUMENTS, Q12MAGAZINES, Q12NEWSPAPERS, Q12NEWSLETTERS
- b. From the Small/Home Business Survey: Q1_2012A, Q1_2012B, Q1_2012C, Q1_2012D, Q1_2012DD, Q1_2012_G, Q2A_2012, Q2B_2012, Q2C_2012, Q2D_2012, Q2DD_2012, Q2E_2012, Q2F_2012, Q2G_2012, Q3, Q4, Q5A, Q5B, Q6A, Q6B, Q7A, Q7B, Q8A, Q8B, Q8C, Q8D, Q11A, Q11B, Q12BILLS, Q12PAYMENTS, Q12ADVERTISING, Q12COMMUNICATIONS, Q12DOCUMENTS, Q12NEWSLETTERS
- c. From the Consumer Survey: U1A_2012, U1B_2012, U2A_2012, U2B_2012, U3A_2012, U3B_2012, U5A, U5B, U6A, U6B, U6C, U7A, U7B, U7C, U8A, U8B, U8C

RESPONSE:

The question suggests that the three *.sav files provided contain observations not used in the volume calculations due to missing data. As explained in response to other questions on the dataset (POIR 4, Question 10; POIR 6, Questions 4-6), data only appear to be missing when the research design is not fully understood. Data collected specific to each application are used to calculate volume changes responsive to changes in First-Class Mail service standards.

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For example, in the business data files (Mail_LargeCommercial_Final_DataFile_USPS-N2012-1.NP1.sav" and "First-Class Mail_SmallHome_Final_DataFile_USPS-N2012-1.NP1.sav"), the following illustrates which variables in the files provided were used to compute the estimates of First-Class Mail volume in 2012.

IF (Q1A_2012 ~= -1 and not missing (Q1A_2012)) BILL_FCM_Base_2012 = Q1A_2012 *
(Q2A_2012_02 / 100).

IF (Q1B_2012 ~= -1 and not missing (Q1B_2012)) PMT_FCM_Base_2012 = Q1B_2012 *
(Q2B_2012_02 / 100).

IF (Q1C_2012 ~= -1 and not missing (Q1C_2012)) ADM_FCM_Base_2012 = Q1C_2012 *
(Q2C_2012_02 / 100).

IF (Q1D_2012 ~= -1 and not missing (Q1D_2012)) COMM_FCM_Base_2012 = Q1D_2012 *
(Q2D_2012_02 / 100).

IF (Q1DD_2012 ~= -1 and not missing (Q1DD_2012)) DOC_FCM_Base_2012 = Q1DD_2012 *
(Q2DD_2012_02 / 100).

IF (Q1G_2012 ~= -1 and not missing (Q1G_2012)) NWSL_FCM_Base_2012 = Q1G_2012 *
(Q2G_2012_02 / 100).

The values for all variables contained in the files listed above comprise all the data needed to compute the volume impact forecasts presented on pages 50-52 of USPS-T-11, including respondent-specific identifiers and associated weights. The subsets of variables listed in parts (a) through (c) are limited to those needed to calculate total volume of mail for each application; however, the lists also exclude the variables necessary to compute the distribution of volume across the applicable Postal Service products. As such, the lists of variables do not contain all variables used to calculate the volume impact forecasts presented on pages 50-52 of USPS-T-11.

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Finally, the files provided already contain the sample weights required for analysis (SizeWeight_SmallBusiness for the small business sample and WT_FINAL for the consumer sample). Each file also contains a respondent (observation) identifier which is a serial number that is distinct to each individual respondent. This identifier does not contain anything that can be used (by anyone outside ORC) to link the respondent's data to anything that identifies the individual or corporate identity.

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Question 7.

Please refer to USPS-N2012-1/NP1, files "First-Class Mail_LargeCommercial_Final_DataFile_USPS-N2012-1.NP1.sav", and "First-Class Mail_SmallHome_Final_DataFile_USPS-N2012-1.NP1.sav". In response to PR/USPS-T11-7, the Postal Service indicated that "original data...are not included in the data file because in their raw form are not useable." Please provide a dataset that contains the answers to the following questions and can be matched to the files: "First-Class Mail_LargeCommercial_Final_DataFile_USPS-N2012-1.NP1.sav", and "First-Class Mail_SmallHome_Final_DataFile_USPS-N2012-1.NP1.sav".

- a. From the Large Business Survey: Q2A_2012, Q2B_2012, Q2C_2012, Q2D_2012, Q2DD_2012, Q2E_2012, Q2F_2012, Q2G_2012, Q5B, Q6B, Q7B, Q8B, Q8D, Q9B, Q10B, Q11B
- b. From the Small/Home Business Survey: Q2A_2012, Q2B_2012, Q2C_2012, Q2D_2012, Q2DD_2012, Q2E_2012, Q2F_2012, Q2G_2012, Q5B, Q6B, Q7B, Q8B, Q8D, Q11B

RESPONSE:

Associated with this response are two data files (SmallHome_Final_Additional Variables_POIR7.sav and LargeCommercial_Final_Additional Variables_POIR7.sav) that provide the specified responses corresponding to the questions listed. All variables are labeled so it should be evident how the variables correspond to the questionnaires. The files are being made available in the form of a supplement to library reference USPS-LR-N2012-1/NP1.

The first variable in each file (Respondent_Serial) is a unique identifier that can be used for the merge process. If using SPSS to complete the merge, both files need to be sorted using this variable, putting Respondent_Serial in ascending order.

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ORAL CROSS-EXAMINATION**

Tr. 671

CHAIRMAN GOLDWAY: I have some questions. First, I'd like to finish the questions I was asking with Commissioner Taub. Could you get in writing for us a comparison of the sample size for each category of respondents in Phase I and Phase II?

THE WITNESS: Yes.

CHAIRMAN GOLDWAY: And provide that. Good. Thank you. We'd like that.

RESPONSE:

Sample Size Comparisons – Phase 1 versus Phase 2

Segment	Phase 1	Phase 2
National Accounts	76	28
Premier Accounts	753	429
Preferred Accounts	830	434
Small Businesses	969	600
Home-Based Businesses	1,002	405
Consumers	848	1,007
Sample sizes are total number of interviews completed in each segment prior to any data processing / cleaning.		

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ORAL CROSS-EXAMINATION

Tr. 685-87:

BY MR. HOLLIES:

Q Ms. Elmore-Yalch; you were asked questions about use of the Juster scale in contexts where service decreased. Is there an example of this in your own work that you have observed?

A Yes. Actually there is quite a bit of work that while not academic in nature is from practical experience in other work we've done. I think the best example that I can give is if you consider and think about public transportation services, and they have done a lot of research in terms of what happens if they cut back service a lot recently, and so, for example, if I were to come to you and say, all right, how many trips do you take right now in a month, one-way trips, very typical question, and somebody says I take 20, and then I say, okay, well, right now your service is every 10 minutes, if I were to cut service back so your bus service is every 50 minutes, how many one-way trips would you take, and people will either respond the same, i.e., I'll make no change, or, in many cases, people because that is a degradation in service will say I'm going to take fewer trips. If you go back, though, and you look at ridership data over changes such as that, and in transit it's great because they keep regular ridership data, you can see that when service comes across and it degrades either through a say price increase with no change in service or they actually cut back service, ridership will go down, and then typically it will rise again to some level, oftentimes exactly what it was or to a level slightly below. So it's real clear to us that when people initially respond, a lot of it is emotional, but when you actually have to change your behavior over the long-term, like I'm going to ride, what are you going to do, pay for parking, going to walk, well, most people are going to turn around and say, well, actually the extra five minutes, I'm just going to grin and bear it. So I think that's a great example. There's lots of examples out there in that particular sector and some others I would believe, but most deal with public transportation.

CHAIRMAN GOLDWAY: Do you have academic citations for any of those kinds of transportation studies?

THE WITNESS: I don't have academic citations, but I'm sure that if I went and asked any local transportation system that's done research in this, they could pull up that information.

THE WITNESS: I can take a look at a few ...

COMMISSIONER ACTON: If I just may add. I appreciate you taking the time to spend a little more discussion about this matter because it was an important point that the Commissioners wrestled with in our original review of this in a different docket but the same concept. And a big part of our problem was finding the sort of

RESPONSE OF WITNESS ELMORE-YALCH TO QUESTION RAISED DURING
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reference that you just made here on the stand, so any information you can provide to the Commission that will point us toward that type of application of this individual technique would be helpful for us. Thank you.

RESPONSE:

The market research industry, academia and my employer ORC believe strongly that the Juster Scale has a very constructive role to play in quantitative market research design. That was certainly true when I testified before the Commission in the five-day delivery case (PRC Docket No N2010-1), in which we also brought in one of the leading lights from academia, Professor Peter Boatwright, to explain to the Commission how broad the support for use of the Juster Scale is in the market research industry, and that failing to use it does not conform with industry standards. We thought then that the Commission's rejection of its use in that case was empirically unsound, and we continue to think so today.

In this docket, the Postal Service has provided substantial additional material, including additional examples from the academic literature, in our attempt to educate Commissioners and staff. Indeed, I understand that the Commission itself has extensive experience with the tendency of market research respondents generally to overstate their response; such testimony has been provided by other market research professionals including witnesses Rothschild and Ellard. The Juster Scale is one recognized way of attempting to address the problem of over-projection by survey respondents for reasons discussed by witness Whiteman in section III(C) of his testimony (USPS-T-12). We have focused in this case more on overstatement of responses to decremental

RESPONSE OF WITNESS ELMORE-YALCH TO QUESTION RAISED DURING
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changes in the characteristics of existing services, which is the specter posed in this case by the proposed changes in First-Class Mail service standards.

There was mention during my oral cross-examination that the Commission and I (or ORC or the Postal Service) might "agree to disagree" on this point (Tr. 585). That statement may reflect an appropriate measure of professional distance, but it does not mean that I agree the Commission can, in conflict with applicable expert and academic opinion, reasonably hold a contrary opinion—at least based on the sum of information of which I am aware or have been exposed to in my career as a survey research professional.

Yet I recognize in the statements' quoted above from Commissioners Goldway and Acton a genuine interest in learning more about this issue in survey research. I routinely see examples from my own survey research in the transportation industry, as my comments quoted above reflect. Yet I was frustrated by my inability to locate an example from the transportation industry, despite my expectation that would be simple; but that research tends not to be publicly available. The work that I found was primarily econometric modeling to determine elasticities to changes in service. Primary research tended to focus on effects of fare increases or the effects of a combination of fares and changes to service. So I went back again to the academic literature looking for specific examples that might help illustrate our point.

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We did find the following article, which compares an econometric model and a survey of anglers' projected response to the diminished stocking of fish, with anglers' actual behavior.¹

Richard Ready, Donald Epp & Willard Delavan (2005): A Comparison of Revealed, Stated, and Actual Behavior in Response to a Change in Fishing Quality, Human Dimensions of Wildlife: An International Journal, 10:1, 39-52

This article involves a situation where Pennsylvania stocked 28 percent fewer catchable trout in a particular year (due to water quality issues). The analysis showed that survey responses better predicted actual behavior than the econometric analysis. Moreover, the projected response among survey respondents was substantially greater than actual behavior. In the survey, respondents were asked whether the specified reduction in the number of trout stocked would make trout fishing more enjoyable or less enjoyable for them, and whether they would still buy a license and stamp if stocking levels were reduced. Despite an acknowledgement in the article that criterion validity of stated preference techniques have found that survey respondents may overstate the likelihood of paying for an environmental or recreational good, relative to behavior revealed in simulated markets (page 41), the researchers did not use the Juster Scale or any other tested methodology to adjust for this potential overstatement.

In another analysis, authors explored the hypothetical bias of individuals' willingness-to-pay (WTP) by conducting a meta-analysis of 28 studies that reported comparable hypothetical (stated-preference) and actual values.

¹ The article can be retrieved from: <http://dx.doi.org/10.1080/10871200590904879>. (The Postal Service is able to make its copy of this article available for inspection, but not copying.)

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Analysis showed a median ratio of hypothetical to actual value of 1.35—that is, the hypothetical overstated actual willingness-to-pay by 35 percent. The article further discusses that some calibration methods may be effective at reducing this bias. While the article focuses on the use of choice-based methods to reduce bias, this article clearly demonstrates the extent to which respondents to hypothetical situations overstate their responses and the need for some form of adjustment.

James P. Murphy, P. Geoffrey Allen, Thomas H. Stevens, and Darryl Weatherhead, "A Meta-Analysis of Hypothetical Bias in Stated Preference Valuation," Environmental and Resource Economics (2005) 30: 313-325²

In conjunction with the extensive bibliographies provided to support the use of the Juster Scale (see USPS-T-11 p. 44, n. 3-4; Tr. 561, 776-778), these additional studies are instructive in several respects. First, the study by Ready clearly shows that respondents in a stated preference survey gave more accurate responses to what their behavior would be than an econometrically based revealed preference study (using historical data). It thus illustrates well the superiority of quantitative research such as the Postal Service presents to the Commission. Both articles further observe that stated preference behavior is over-stated when compared to actual behavior – which illustrates precisely my

2

http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1200&context=peri_workingpapers&seid=1&referer=http%3A%2F%2Fscholar.google.com%2Fscholar_url%3Fhl%3Den%26q%3Dhttp%3A%2F%2Fscholarworks.umass.edu%2Fcgi%2Fviewcontent.cgi%253Farticle%253D1200%2526context%253Dperi_workingpapers%26sa%3DX%26scisig%3DAAGBfm2i8br0WZUaHEZdyL6Nq2U4quPkA%26oi%3Dscholar#search=%22http%3A%2F%2Fscholarworks.umass.edu%2Fcgi%2Fviewcontent.cgi%3Farticle%3D1200%26context%3Dperi_workingpapers%22

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point that use of a Juster Scale adjustment is an appropriate tool in survey
researchers' toolkit.

N2012-1

United States Postal Service

**Cheryl D. Martin
(USPS-T-6)**

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-1. What is the estimated increase/reduction in operating miles of Plant to Plant and Plant to Post Office transportation due to the 2009-2011 consolidations? Please provide all data and supporting analyses used to determine the average percent reduction or increase.

RESPONSE:

The responsive data are provided in the spreadsheet attached to this response, labeled "Rev2.Attach.Resp.APWU.T6.1.xls". The input data for this spreadsheet are the current and proposed mileage data contained in Area Mail Processing (AMP) proposals or Post Implementation Reviews (PIR). As information, each AMP consolidation proposal is subject to a review process that includes an Initial Study and two Post Implementation Reviews (PIRs). At each stage of this process, the current and proposed mileage is evaluated and summarized in a report. My spreadsheet contains data from the most recent report completed for a specific AMP, provided that such report was completed between January 1, 2009 through December 31, 2011. These reports are contained in Library Reference USPS-LR-N2012-1/NP12.

The attached spreadsheet contains, for each consolidation, the following information: the type of report that was analyzed, the Fiscal Year the relevant report was completed, the type of consolidation, the date of the report, the names of the losing and gaining facilities, the total operating miles impacted by the consolidation, the "Plant-to-Plant" operating miles impacted by the consolidation, and the "Plant-to-Post Office" operating miles impacted by the consolidation. To compute the overall increase or reduction in operating miles for each consolidation, I subtracted the sum total of current operating miles from the sum total of proposed operating miles for the losing and gaining facilities under

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
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review. A negative number (-) in the "Total Miles Impact" column indicates a reduction in operating miles. Routes serviced by Highway Contract Route (HCR) service and Postal Vehicle Service (PVS) were included in my analysis.

To determine whether the operating miles on a particular route were part of the "Plant-to-Plant" network or "Plant-to-Post Office" network, I matched the HCR Id. No. for each route to its assigned budget account number in the transportation database. Budget account numbers are financial accounting descriptors used to distinguish the categories of transportation mentioned in my testimony. See USPS-T-6 at 4. Plant-to-Plant routes are those that fall within the following transportation categories: Inter-Area, Inter-Cluster, and Inter-P&DC. Plant-to-Post Office routes are those that fall within the Intra-P&DC transportation category. PVS routes are also considered Plant-to-Post Office routes.

MILEAGE IMPACT ON PLANT TO PLANT AND PLANT TO POST OFFICE TRANSPORTATION
Revised May 4, 2012

Study	Fiscal Year	Consolidation	Date of Report	Losing Facility	Gaining Facility	Impact to	Impact to	Impact to
						Operating Miles (Total)	Operating Miles (Plant-to-Plant)	Operating Miles (Plant-to- Post Office)
Final PIR	2011	Originating	16-Sep-11	Athens CSMPG GA	No. Metro PDC GA	797,437	153,449	643,988
Final PIR	2011	Originating	12-Aug-11	Binghamton PDF NY	Syracuse PDC NY	111,745	-14,286	126,031
Final PIR	2010	Originating	28-Jun-10	Canlon PDF OH	Akron PDC OH	36,898	24,312	12,586
Final PIR	2011	Originating	19-Aug-11	Cape Code PDF MA	Brockton PDC MA	61,104	0	61,104
Final PIR	2012	Originating	2-Dec-11	Detroit PDC MI	Michigan MetroPlex PDC	-1,661,537	-1,824,223	162,686
AMP	2011	Destinating	2-Sep-11	Flint PDC MI	Michigan MetroPlex PDC	218,939	230,464	-11,545
Final PIR	2011	Originating	23-May-11	Flint PDC MI	Michigan MetroPlex PDC	-955,653	-1,023,793	68,140
Final PIR	2010	O&D	30-Sep-10	Kansas City PDC KS	Kansas City PDC MO	970,446	-379,463	1,349,909
Final PIR	2011	Originating	11-Mar-11	Lakeland PDC FL	Tampa PDC FL	58,930	63,720	-4,790
Final PIR	2011	Originating	13-May-11	Long Beach PDC CA	Santa Ana PDC CA	-124,769	0	-124,769
Final PIR	2011	Originating	29-Aug-11	Manasota PDC FL	Tampa PDC FL	-1,010,541	-1,010,541	0
Final PIR	2011	Originating	13-May-11	Portsmouth PDF NH	Manchester PDC NH	-71,604	-31,907	-39,697
Final PIR	2011	Originating	22-May-11	Queens PDC NY	Brooklyn PDC NY	435,858	-95,670	531,528
Final PIR	2011	Originating	21-Jan-11	Staten Island PDF NY	Brooklyn PDC NY	10,062	0	10,062
Final PIR	2011	O&D	12-Aug-11	Watertown PDF NY	Syracuse PDC NY	-40,816	98,934	-139,752
Final PIR	2011	Originating	27-May-11	Westem Nassau PDC NY	Mid Island PDC NY	-196,827	-42,068	-154,859
Final PIR	2012	O&D	2-Dec-11	Wilkes Barre PDF PA	Scranton PDC PA & Lehigh Valley PDC PA	-2,506,325	-1,312,750	-1,193,575
Final PIR	2011	O&D	13-May-11	Winchester PO VA	Dulles PDC VA	155,285	47,643	107,642
1st PIR	2011	Originating	11-Apr-11	Bloomington MPA IN	Indianapolis PDC IN	-2,688	0	-2,688
1st PIR	2011	O&D	27-May-11	Charlottesville PDF VA	Richmond PDC VA	-141,345	28,230	-169,575
1st PIR	2011	Originating	11-Apr-11	Columbus CSMPG GA	Macon PDC GA	-216,604	0	-216,604
1st PIR	2011	Originating	2-Sep-11	Dallas PDC TX	No. TX PDC	821,023	0	821,023
1st PIR	2011	Originating	2-Sep-11	Dulles PDC VA	Norham VA PDC	192,917	-266,923	74,006
AMP	2010	Originating	15-Jul-10	Fox Valley PDC IL	South Suburban PDC IL	216,770	0	216,770
1st PIR	2011	Originating	9-May-11	Frederick PDF MD	South Suburban PDC MD	95,855	95,855	0
Final PIR	2012	Originating	9-Dec-11	Jackson CSMPG TN	Memphis PDC TN	-137,663	0	-137,663
AMP	2010	Originating	20-Apr-10	Kalamazoo PDC MI	Grand Rapids PDC MI	331,802	220,851	110,941
AMP	2010	Originating	22-Jun-10	Kilmer PDC NJ	DVD PDC NJ and Trenton PDC NJ	235,066	10,122	224,944
1st PIR	2011	Originating	13-May-11	Kinston PDF NC	Fayetteville PDC NC	210,711	-282,039	492,750
AMP	2010	O&D	19-May-10	Lima PDF OH	Toledo PDC OH	1,000,809	101,675	899,134
1st PIR	2011	Originating	21-Apr-11	London PDF KY	Lexington PDC KY	16,049	0	16,049
1st PIR	2010	O&D	26-Feb-10	Marysville PDF CA	Sacramento PDC CA	-1,406,659	-454,867	-951,792
Final PIR	2012	Destinating	28-Oct-11	Mojave PO CA	Bakersfield PDC CA	-95,858	-40,574	-55,284
1st PIR	2011	Originating	18-Feb-11	New Castle PDF PA	Pittsburgh PDC PA	-48,572	-4,801	-43,771
Final PIR	2011	Destinating	29-Aug-11	Newark PDC NJ	DVD PDC NJ	7,329	0	7,319
Final PIR	2011	Originating	13-May-11	Oxnard PDF CA	Santa Clarita PDC CA	765,504	-1,837,651	2,603,155
1st PIR	2011	Originating	29-Apr-11	Palatine PDC IL	Carol Stream PDC IL	-2,554,276	-211,602	-2,342,674
1st PIR	2011	Originating	22-May-11	Panama City PDF FL	Pensacola PDC FL	-186,797	-144,533	-42,264
AMP	2010	Originating	15-Jul-10	Tupelo CSMPG MS	Memphis PDC TN	15,974	5,764	10,210
AMP	2010	Destinating	22-Jun-10	West Jersey PDC NY	No. NJ Metro PDC & Kilmer PDC NJ	812,767	-185,281	998,048
1st PIR	2010	Originating	27-Apr-10	Wheeling PO WV	Pittsburgh PDC PA	46,492	0	46,492
AMP	2011	O&D	2-Jul-11	Aberdeen PDF SD	Dakota Central PDF SD	-168,535	-94,665	-73,870
AMP	2011	O&D	15-Apr-11	Alexandria LA FO	Shreveport PDC LA	-75,289	0	-75,289
AMP	2011	O&D	21-Apr-11	Ashland PDF KY	Chapel Hill PDC WV	-2,917	-199,754	196,837
AMP	2011	O&D	25-Feb-11	Batesville AR	Northwest PDC AR	25,203	0	25,203
AMP	2011	Originating	14-Jun-11	Beaumont PDF TX	No. Houston PDC TX	-108,316	-99,022	-9,294
AMP	2011	O&D	23-Nov-10	Beckley WV PO	Charleston PDC WV	885	0	885
AMP	2011	Originating	11-Apr-11	Bowling Green PDF KY	Evansville PDF KY & Nashville PDC TN	-137,753	-118,391	-19,362
AMP	2011	O&D	15-Apr-11	Bristol VA PO	Johnson City MPO TN	-269,165	-258,862	29,677
AMP	2011	Destinating	12-Jun-11	Bronx PDC NY	Morgan PDC NY	1,187,515	0	1,187,515
AMP	2011	Originating	10-Jun-11	Bryan MPO TX	No. Houston PDC TX	9,995	-50,034	59,429
AMP	2011	Originating	24-Jun-11	Butte CSMPG MT	Great Falls PDF MT	-3,217	0	-3,217
AMP	2011	Originating	17-Jun-11	Colby KS PO	Salina CSMPG KS	0	0	0
AMP	2011	O&D	4-Feb-11	Daytona PDF FL	Mid-Florida PDC FL	-431,756	-729,960	298,204
AMP	2011	O&D	5-Jul-11	Decorah CSMPG IA	Waterloo PDF IA	-132,809	-32,797	-100,012
AMP	2011	O&D	29-Jul-11	Flagstaff CSMPG AZ	Phoenix PDC AZ	0	0	0
AMP	2011	O&D	15-Jul-11	Fort Dodge CSMPG IA	Des Moines PDC IA	-127,899	-37,539	-90,360
AMP	2011	O&D	5-Jul-11	Fort Scott PO KS	Kansas City PDC MO	0	0	0
AMP	2011	O&D	21-Apr-11	Fort Smith CSMPG	Northwest PDC AR	438,259	34,082	404,167
AMP	2011	Destinating	22-Jul-11	Frederick PDF MD	Baltimore PDC MD	1,122,593	83,354	1,039,239
AMP	2011	Originating	29-Aug-11	Gaithersville PDF FL	Jacksonville PDC FL	-148,891	-148,891	0
AMP	2011	O&D	15-Jul-11	Gillette CSMPG WY	Casper PDF WY	98,679	0	98,679
AMP	2011	O&D	20-Jun-11	Glenwood Springs CSMPG CO	Grand Junction PDF CO	-385,201	0	-385,201
AMP	2011	O&D	9-Sep-11	Globe CSMPG AZ	Phoenix PDC AZ	0	0	0
AMP	2011	Originating	25-Feb-11	Harrison CSMPG AR	Northwest PDC AR	0	0	0
AMP	2011	O&D	24-Jun-11	Havre CSMPG MT	Great Falls PDF MT	0	0	0
AMP	2011	O&D	24-Jun-11	Hays PO KS	Salina CSMPG KS	54,260	0	54,260
AMP	2011	Originating	24-Jun-11	Helena CSMPG MT	Great Falls PDF MT	54,149	0	54,149
Final PIR	2011	Originating	12-Aug-11	Hickory PDF NC	Greensboro PDC NC	87,705	0	87,705
AMP	2011	O&D	22-Sep-10	Houston PDC TX	North Houston PDC TX	-1,027,554	-514,148	-513,406
AMP	2011	O&D	23-Nov-10	Huntington PDF WV	Charleston PDC WV	-240,990	-77,184	-163,806
AMP	2011	Originating	1-Jul-11	Huntsville PDF AL	Birmingham PDC AL	73,340	-122,448	195,788
AMP	2011	Originating	12-Jun-11	Hutchinson MPO KS	Wichita PDC KS	-7,458	0	-7,458
AMP	2011	O&D	10-Jun-11	Independence PO KS	Wichita PDC KS	-81,184	0	-81,184
AMP	2011	Originating	13-May-11	Industry PDC CA	Santa Ana PDC CA	389,722	58,871	330,851
AMP	2011	O&D	6-Sep-11	Jamestown CSMPG ND	Fargo PDF ND	50,274	9,384	40,890
AMP	2011	O&D	15-Jul-11	Klamath Falls CSMPG OR	Medford MPC OR	46,214	0	46,214
AMP	2011	Originating	27-Dec-10	Lafayette PDF IN	Kokomo PDF IN	43,020	0	43,020
AMP	2011	Originating	24-Jun-11	Lancaster PDC PA	Harrisburg PDC PA	-23,157	5,135	-28,292
AMP	2011	O&D	12-Aug-11	Las Cruces PDF NM	El Paso PDF TX	-154,102	-182,255	28,153
AMP	2011	O&D	2-Sep-11	Lincoln PDF NE	Omaha PDC NE	0	0	0
AMP	2011	Originating	11-Feb-11	Lufkin PDF TX	East Texas PDC TX	-117,413	-67,377	-50,036
AMP	2011	Originating	18-Mar-11	Lynchburg PDF VA	Roanoke PDC VA	-168,777	-178,740	9,963
AMP	2011	Destinating	29-Aug-11	Meriden CSMPG MS	Jackson PDC MS	-174,267	0	-174,267
AMP	2011	O&D	24-Jun-11	Miles City CSMPG MT	Billings PDC MT	0	0	0
AMP	2011	O&D	24-Jun-11	Mobridge CSMPG SD	Bismarck PDC ND	-482,543	-122,360	-360,183
AMP	2011	Originating	4-Feb-11	Muncie PDF IN	Kokomo PDF IN	89,663	-8,980	98,643
AMP	2011	Originating	1-Jul-11	North Bay PDC CA	Oakland PDC CA	570,791	282,953	287,838
AMP	2011	O&D	18-Mar-11	Oshkosh PDC WI	Green Bay PDC WI	-97,426	-262,764	165,338
AMP	2011	Destinating	25-Mar-11	Oxnard PDF CA	Santa Barbara PDC CA	1,049,661	92,068	957,593
AMP	2011	O&D	22-Jul-11	Pierre CSMPG SD	Dakota Central PDF SD	-80,379	0	-80,379
AMP	2011	Destinating	21-Apr-11	Pikeville PO KY	Charleston PDC WV	-196,617	0	-196,617
AMP	2011	Destinating	5-Aug-11	Portsmouth PDF NH	Manchester PDC NH & So. ME PDC	24,235	0	24,235

Attachment to Response of Postal Service Witness Martin to APWU/JSPS-T6-1

MILEAGE IMPACT ON PLANT TO PLANT AND PLANT TO POST OFFICE TRANSPORTATION
 Revised May 4, 2012

<u>Study</u>	<u>Fiscal Year</u>	<u>Consolidation</u>	<u>Date of Report</u>	<u>Losing Facility</u>	<u>Gaining Facility</u>	<u>Impact to Operating Miles (Total)</u>	<u>Impact to Operating Miles (Plant-to-Plant)</u>	<u>Impact to Operating Miles (Plant-to- Post Office)</u>
AMP	2011	Originating	1-Apr-11	Reading PDF PA	Lehigh Valley PDC PA	29,587	0	29,587
AMP	2011	O&D	15-Jul-11	Riverton MPA WY	Casper PDF WY	15,183	0	15,183
AMP	2011	O&D	21-Apr-11	Russellville CSMPC AR	Little Rock PDC AR	4,430	0	4,430
AMP	2011	Originating	4-Mar-11	Saginaw PDC MI	Michigan MetroPlex PDC	345,338	-22,644	367,982
AMP	2011	Destinating	23-May-11	Salinas PDF CA	San Jose PDC CA	1,166,762	-337,966	1,504,728
AMP	2011	O&D	15-Jul-11	Sheridan CSMPC WY	Casper PDF WY	-70,895	0	-70,895
AMP	2011	O&D	9-Sep-11	Show Low CSMPC AZ	Phoenix PDC AZ	0	0	0
AMP	2011	O&D	15-Jun-11	Sioux City PDF IA	Sioux Falls PDC SD	-66,549	-201,667	135,118
AMP	2011	Originating	23-May-11	Stockton PDF CA	Sacramento PDC CA	97,855	0	97,855
AMP	2011	O&D	11-Mar-11	Texarkana PO TX	Shreveport PDC LA	-555,043	-48,836	-506,207
AMP	2011	O&D	9-Sep-11	Twin Falls MP Annex ID	Bolse PDC ID	-56,362	0	-56,362
AMP	2011	Destinating	29-Jan-11	Victoria PDF TX	Corpus Christi PDC TX	-142,896	0	-142,896
AMP	2011	O&D	11-Feb-11	Wichita Falls MPA TX	Fort Worth PDC TX	268,872	0	268,872
AMP	2011	O&D	15-Jul-11	Worland CSPMC WY	Casper PDF WY	131,128	-2,122	133,250
AMP	2011	O&D	4-Feb-11	Zansville PDF OH	Columbus PDC OH	-10,874	0	-10,874
AMP	2012	O&D	10-Nov-11	Bemidji MN CSMPC	St. Cloud PDF MN	-123,697	-61,055	-62,642
AMP	2012	O&D	10-Oct-11	Bluefield WV CSMPC	Charleston PDC WV & Johnson City TN	-68,395	-22,436	-45,959
AMP	2012	O&D	21-Oct-11	Mansfield CSMPC OH	Cleveland PDC OH	423,749	-529,215	952,964
AMP	2012	O&D	7-Oct-11	Martinsburg CSMPC WV	Baltimore PDC MD	-196,342	-336,471	140,129
AMP	2012	O&D	28-Oct-11	Utica PDF NY	Syracuse PDC NY	235,223	996	234,227
AMP	2012	Destinating	7-Oct-11	Wheeling PO WV	Pittsburgh PDC PA	-86,934	-151,694	64,760
AMP	2012	O&D	28-Oct-11	Yakima CSMPC WA	Pasco PDF WA	-153,944	-30,025	-123,919
Total						-1,976,020	-12,605,592	10,244,728

**FINANCIAL REPORTING SUMMARY
BUDGET ACCOUNTS AND DESCRIPTION**

53127	Intra BMC
53131	Inter BMC
53135	Plant Load
53601	Intra P&DC
53609	Inter P&DC
53614	Inter-Cluster
53618	Inter- Area

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APWU/USPS-T6-2. On page 13 of your testimony you state “[t]o the extent that HCRs can provide the needed transportation at a lower cost than PVS transportation, the Postal Service will save additional costs.” For the following HCR contracts please provide the: PS Form 7405, PS Form 7409, PS Form 4533, PS Form 5443 and the annual hours for each.

956L4	956L2	956L5	956L3
959A3	95934	95936	95938
95939	95948	95981	959L0
94690	45612B	320AG	320BG
320CG	320AK (A and B)	32015	32039
32132	32135	32136	32145
32146 (A and B)	32148	32169	321AA
321AE	321L0-A	321L0-B	321L2
328GE	27OU0	28634	28635
28636	28637	28647	28664
28667	28672	28680	286A1
286A5	286L0	286L1	286L3
541XX	53017	540L1	541A7
541L4	541A5	541CD	541L0
541L3	54110	54130	54131
54132	54133	54134	54136
54173	541L2	530BK(B)	53015
75196A	75393A	75395A	76315A
76331A	76332A	76333A	76334A
76335A	76336A	76365A	763AAA

RESPONSE:

The responsive documents are contained in USPS-LR-N2012-1/72. Please note that the following contracts were terminated for convenience: 320CG, 32135, 321AE, 76315, 76331, 76332, 76333, 76335, and 763AA and the records are no longer available. Additionally, 76336 and 45612 refer to expired contracts and the HCR Id. No. 541XX is invalid. Please also note that PS Form 4533 contains the schedule for PVS drivers and is therefore inapplicable to the HCR contracts identified in the interrogatory. For each HCR Id. No., I am providing the associated “Statement of Schedule and Service.” The Statement of Schedule and Service contains the following information for each route: termini (i.e., origin

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
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RESPONSE TO APWU/USPS-T6-2 (CONT.):

and destination), number of trips, stops, annual hours and miles, frequency of operation, and total trip miles.

PS Forms 7405 and 7409 were unavailable for the majority of the highway contract routes listed in the interrogatory because the retention period for such documents had expired and the documents could not be located. For each contract route for which such forms were not available, I am providing the following forms instead: PS Form 7447 (Transportation Services Renewal Contract for Regular Service) and PS Form 7448 (Notice of Renewal of Transportation Services Contract for Regular Service). These substitute forms contain substantially the same information that would have been included in the PS Forms 7405 and 7409 (e.g., origin, destination, contract term, rate of compensation, and supplier).

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APWU/USPS-T6-12. For the following questions please refer to the worksheet that accompanies your response to APWU/USPS T-6-1.

- a) The final PIR for Manasota to Tampa records no PVS mileage even though the AMP proposed no change in Tampa PVS and PVS service continues. Please confirm that the final PIR results in an overestimation of miles reduced associated with this AMP. If you cannot confirm, please detail when and how the PVS reductions were achieved.
- b) Please confirm that the PIR summary for Manasota to Tampa states that PVS savings are "irrelevant to the AMP implementation" and that "[e]ach of the PVS changes and the savings are attributable to streamlining operations and not a part of the AMP savings." If you cannot confirm, please detail when and how the PVS reductions were achieved.
- c) Please confirm that based on the AMP summary, 78% of the HCR savings that appear in this PIR resulted from "routes that were eliminated not due to this AMP." If you cannot confirm, please detail when and how the HCR reductions were achieved.
- d) Please provide any corrected PIR.
- e) Please provide any corrected numbers in your worksheet.

RESPONSE: ;

- (a) Confirmed.
- (b) Confirmed.
- (c) I confirm that the quoted statement appears in the PIR. However, in my view, the AMP consolidation enabled the elimination of routes, thereby resulting in a reduction in savings.
- (d) A corrected PIR is unavailable at this time.
- (e) Please see the worksheet labeled "Attach.Resp.APWU.T6.12.13.17-19.xls" attached to this response.

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APWU/USPS-T6-13.

- a) The first PIR for Dulles to No. Virginia (Merrifield) records no PVS mileage even though the AMP proposed no change in No. Virginia (Merrifield) PVS mileage and PVS service continues. Please confirm that the first PIR results in an overestimation of miles reduced with this AMP. If you cannot confirm, please detail when and how the PVS reductions were achieved.
- b) Please provide any corrected PIR.
- c) Please provide any corrected numbers in your worksheet.

RESPONSE:

- (a) Confirmed.
- (b) A corrected PIR is unavailable at this time.
- (c) Please see the worksheet labeled "Attach.Resp.APWU.T6.12.13.17-19.xls" attached to this response.

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APWU/USPS-T6-17.

- a) Please provide the calculations for the positive 725,543 change in transportation mileage for the first PIR for Dallas, TX to North Texas. Please explain why the number is not 821,023.
[(2,670,545+1,580,334+98,648)-(2,160,514+1,329,420+38,570)]
- b) Please provide an explanation for the large negative cost adjustment on the Dallas, TX PIR column that has no associated mileage.
- c) Please provide any corrected PIR.
- d) Please provide any corrected numbers in your worksheet.

RESPONSE:

- (a) The transportation change was not calculated correctly. The calculation should yield a change of 821,023 in transportation mileage.
- (b) The negative cost figure reflects a one-time adjustment to the HCR contract for a financial settlement with the supplier. This cost should not have been included in transportation-reduction estimate.
- (c) A corrected PIR is unavailable at this time.
- (d) Please see the worksheet labeled "Attach.Resp.APWU.T6.12.13.17-19.xls" attached to this response.

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APWU/USPS-T6-18.

- a) Please confirm that the Flint to Metroplex originating mail information came from the Final PIR rather than the 1st PIR.
- b) The first PIR for Flint to Metroplex originating mail indicates that the "vast majority of the [transportation] savings was due to the unprecedented reduction in mail volume over the last two years." Does this indicate that most of these savings were not a result of the consolidation but rather a normal reconfiguration of transportation routes? If so, please provide the numbers associated with the AMP.
- c) Please provide any corrected PIR.
- d) Please provide any corrected numbers in your worksheet.

RESPONSE:

- (a) Confirmed.
- (b) Not necessarily. The quoted statement from the PIR does not, in and of itself, support the assertion in the second sentence of part (b) of the interrogatory (i.e., that most of these savings were not a result of the consolidation but rather a normal reconfiguration of transportation routes). Transportation savings identified in the first PIR appear to have been achieved through a combination of local and nationwide initiatives to reduce transportation cost as well as the AMP consolidation, which resulted in the realignment of transportation to shift originating mail operations.
- (c) N/A
- (d) No corrections to the numbers in the worksheet are warranted by this response. However, the worksheet has been updated to reflect that the information came from the final PIR (see Column A, titled "Study"). See attachment "Attach.Resp.APWU.T6.12.13.17-19.xls."

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APWU/USPS-T6-19. The summary of transportation changes in the Hickory to Greensboro final PIR include a discussion of two added routes from Hickory to act as HUBs. These routes are not included in the detailed HCR calculations in the PIR.

- a) Are these not included in the PIR because they are not directly applicable to the consolidation?
- b) Would these routes be typical of the type of hubbing operations that your testimony indicates would be used in the new configuration of facilities?

RESPONSE:

- (a) The two routes to which this interrogatory refers are HCR 286L2 and HCR 28635. Both routes were added in the first PIR due to the AMP consolidation. The first PIR identified an increase in annual mileage and cost at that time. I assume that the reason these routes were not included in the final PIR is because there was no impact to mileage or cost between the first PIR and the final PIR.
- (b) I interpret this interrogatory as referring to page 5 of my testimony (USPS-T-6), lines 6 and 7. The answer is no.

MILEAGE IMPACT ON PLANT TO PLANT AND PLANT TO POST OFFICE TRANSPORTATION

Study	Fiscal Year	Consolidation	Date of Report	Losing Facility	Gaining Facility	Impact to	Impact to	Impact to
						Operating Miles (Total)	Operating Miles (Plant-to-Plant)	Miles (Plant-to-Post Office)
Final PIR	2011	Originating	18-Sep-11	Athens CSMPG GA	No. Metro PDC GA	797,437	153,449	643,988
Final PIR	2011	Originating	12-Aug-11	Binghamton PDF NY	Syracuse PDC NY	111,745	-14,286	126,031
Final PIR	2010	Originating	28-Jun-10	Canon PDF OH	Akron PDC OH	38,898	24,312	12,586
Final PIR	2011	Originating	19-Aug-11	Cape Code PDF MA	Brocton PDC MA	61,104	0	61,104
Final PIR	2012	Originating	2-Dec-11	Detroit PDC MI	Michigan MetroPlex PDC	-2,578,335	-2,361,464	-216,871
AMP	2011	Destinating	2-Sep-11	Flint PDC MI	Michigan MetroPlex PDC	219,939	230,484	-11,545
Final PIR	2011	Originating	23-May-11	Flint PDC MI	Michigan MetroPlex PDC	-855,853	-1,023,793	68,140
Final PIR	2010	O&D	30-Sep-10	Kansas City PDC KS	Kansas City PDC MO	970,446	-378,483	1,348,929
Final PIR	2011	Originating	11-Mar-11	Lakeland PDC FL	Tampa PDC FL	58,930	63,720	-4,790
Final PIR	2011	Originating	13-May-11	Long Beach PDC CA	Santa Ana PDC CA	-124,769	0	-124,769
Final PIR	2011	Originating	28-Aug-11	Manasota PDC FL	Tampa PDC FL	-1,010,541	-1,010,541	0
Final PIR	2011	Originating	13-May-11	Portsmouth PDF NH	Manchester PDC NH	-71,604	-31,907	-39,697
Final PIR	2011	Originating	22-May-11	Queens PDC NY	Brooklyn PDC NY	435,858	-95,670	531,528
Final PIR	2011	Originating	21-Jan-11	Staten Island PDF NY	Syracuse PDC NY	10,062	0	10,062
Final PIR	2011	O&D	12-Aug-11	Watertown PDF NY	Mid Island PDC NY	-40,818	98,934	-139,752
Final PIR	2011	Originating	27-May-11	Western Nassau PDC NY	Scranton PDC PA & Lehigh Valley PDC PA	-196,827	-42,068	-154,859
Final PIR	2012	O&D	2-Dec-11	Wilkes Barre PDF PA	Dulles PDC VA	-2,876,971	-1,312,750	-1,564,221
Final PIR	2011	O&D	13-May-11	Winchester PO VA	Dulles PDC VA	155,385	47,843	107,742
1st PIR	2011	Originating	11-Apr-11	Bloomington MPA IN	Indianapolis PDC IN	-2,898	0	-2,898
1st PIR	2011	O&D	27-May-11	Cherlottesville PDF VA	Richmond PDC VA	-1,151,515	-1,298,253	146,738
1st PIR	2011	Originating	11-Apr-11	Columbus CSMPG GA	Macon PDC GA	-216,604	0	-216,604
1st PIR	2011	Originating	2-Sep-11	Dallas PDC TX	No. TX PDC	821,023	0	821,023
1st PIR	2011	Originating	2-Sep-11	Dulles PDC VA	Northern VA PDC	192,917	-266,923	74,006
AMP	2010	Originating	15-Jul-10	Fox Valley PDC IL	South Suburban PDC IL	216,770	0	216,770
1st PIR	2011	Originating	9-May-11	Frederick PDF MD	South Suburban PDC MD	95,655	0	95,655
Final PIR	2012	Originating	9-Dec-11	Jackson CSMPG TN	Memphis PDC TN	-137,683	0	-137,683
AMP	2010	Originating	20-Apr-10	Kalamazoo PDC MI	Grand Rapids PDC MI	331,802	220,861	110,941
AMP	2010	Originating	22-Jun-10	Kilmer PDC NJ	DVD PDC NJ and Trenton PDC NJ	235,066	10,122	224,944
1st PIR	2011	Originating	13-May-11	Kinston PDF NC	Fayetteville PDC NC	210,711	-282,039	492,750
AMP	2010	O&D	19-May-10	Lima PDF OH	Toledo PDC OH	1,000,809	101,675	899,134
1st PIR	2011	Originating	21-Apr-11	London PDF KY	Lexington PDC KY	16,049	0	16,049
1st PIR	2010	O&D	28-Feb-10	Marysville PDF CA	Sacramento PDC CA	-1,406,658	-454,887	-951,792
Final PIR	2012	Destinating	28-Oct-11	Mojave PO CA	Bakersfield PDC CA	-95,858	-40,574	-55,284
1st PIR	2011	Originating	18-Feb-11	New Castle PDF PA	Pittsburgh PDC PA	-48,572	-4,801	-43,771
Final PIR	2011	Destinating	29-Aug-11	Newark PDC NJ	DVD PDC NJ	7,329	0	7,329
Final PIR	2011	Originating	13-May-11	Oxnard PDF CA	Santa Clarita PDC CA	765,504	-1,837,651	2,603,155
1st PIR	2011	Originating	29-Apr-11	Palatine PDC IL	Carol Stream PDC IL	-2,554,276	-211,602	-2,342,674
1st PIR	2011	Originating	22-May-11	Panama City PDF FL	Pensacola PDC FL	-186,797	-144,533	-42,264
AMP	2010	Originating	15-Jul-10	Tupelo CSMPG MS	Memphis PDC TN	15,974	5,764	10,210
AMP	2010	Destinating	22-Jun-10	West Jersey PDC NY	No. NJ Metro PDC & Kilmer PDC NJ	812,577	-185,281	998,048
1st PIR	2010	Originating	27-Apr-10	Wheeling PO WV	Pittsburgh PDC PA	46,492	0	46,492
AMP	2011	O&D	2-Jul-11	Aberdeen PDF SD	Dakota Central PDF SD	-168,535	-94,685	-73,870
AMP	2011	O&D	15-Apr-11	Alexandria LA PO	Shreveport PDC LA	-75,289	0	-75,289
AMP	2011	O&D	21-Apr-11	Ashland PDF KY	Charleston PDC WV	-2,917	-199,754	196,837
AMP	2011	O&D	25-Feb-11	Batesville AR	Northwest PDC AR	25,203	0	25,203
AMP	2011	Originating	14-Jun-11	Beaumont PDF TX	No. Houston PDC TX	-108,316	-99,022	-9,294
AMP	2011	O&D	23-Nov-10	Beckley WV PO	Charleston PDC WV	895	0	895
AMP	2011	Originating	11-Apr-11	Bowling Green PDF KY	Evansville PDF KY & Nashville PDC TN	-137,753	-118,391	-19,362
AMP	2011	O&D	15-Apr-11	Bristol VA PO	Johnson City MPO TN	-269,185	-298,862	29,677
AMP	2011	Destinating	12-Jun-11	Bryan PDC NY	Morgan PDC NY	1,187,515	0	1,187,515
AMP	2011	Originating	10-Jun-11	Bryan MPO TX	No. Houston PDC TX	9,395	-50,034	59,429
AMP	2011	Originating	24-Jun-11	Butte CSMPG MT	Great Falls PDF MT	-3,217	0	-3,217
AMP	2011	Originating	17-Jun-11	Colby KS PO	Salina CSMPG KS	0	0	0
AMP	2011	O&D	4-Feb-11	Daytona PDF FL	Mid-Florida PDC FL	-431,756	-729,960	298,204
AMP	2011	O&D	5-Jul-11	Decorah CSMPG IA	Waterloo PDF IA	-132,809	-32,797	-100,012
AMP	2011	O&D	29-Jul-11	Flagstaff CSMPG AZ	Phoenix PDC AZ	0	0	0
AMP	2011	O&D	15-Jul-11	Fort Dodge CSMPG IA	Des Moines PDC IA	0	0	0
AMP	2011	O&D	5-Jul-11	Fort Scott PO KS	Kansas City PDC MO	-127,899	-37,539	-90,360
AMP	2011	O&D	21-Apr-11	Fort Smith CSMPG	Northwest PDC AR	438,259	34,092	404,167
AMP	2011	Destinating	22-Jul-11	Frederick PDF MD	Baltimore PDC MD	1,122,493	83,354	1,039,239
AMP	2011	Originating	29-Aug-11	Gainesville PDF FL	Jacksonville PDC FL	-148,891	-148,891	0
AMP	2011	O&D	15-Jul-11	Gillette CSMPG WY	Casper PDF WY	88,879	0	88,879
AMP	2011	O&D	20-Jun-11	Glenwood Springs CSMPG CO	Grand Junction PDF CO	-385,201	0	-385,201
AMP	2011	O&D	9-Sep-11	Globe CSMPG AZ	Phoenix PDC AZ	0	0	0
AMP	2011	Originating	25-Feb-11	Harrison CSMPG AR	Northwest PDC AR	0	0	0
AMP	2011	O&D	24-Jun-11	Havre CSMPG MT	Great Falls PDF MT	0	0	0
AMP	2011	O&D	24-Jun-11	Hays PO KS	Salina CSMPG KS	54,260	0	54,260
AMP	2011	Originating	24-Jun-11	Helena CSMPG MT	Great Falls PDF MT	54,149	0	54,149
Final PIR	2011	Originating	12-Aug-11	Hickory PDF NC	Greensboro PDC NC	87,705	0	87,705
AMP	2011	O&D	22-Sep-10	Houston PDC TX	North Houston PDC TX	-1,027,554	-514,148	-513,406
AMP	2011	O&D	23-Nov-10	Huntington PDF WV	Charleston PDC WV	-240,990	-77,184	-163,808
AMP	2011	Originating	1-Jul-11	Huntsville PDF AL	Birmingham PDC AL	73,340	-122,448	195,788
AMP	2011	Originating	12-Jun-11	Hutchinson MPO KS	Wichita PDC KS	-7,458	0	-7,458
AMP	2011	O&D	10-Jun-11	Independence PO KS	Wichita PDC KS	-81,184	0	-81,184
AMP	2011	Originating	13-May-11	Industry PDC CA	Santa Ana PDC CA	389,722	58,871	330,851
AMP	2011	O&D	6-Sep-11	Jamestown CSMPG ND	Fargo PDF ND	50,274	9,384	40,890
AMP	2011	O&D	15-Jul-11	Klamath Falls CSMPG OR	Medford MPC OR	46,214	0	46,214
AMP	2011	Originating	27-Dec-10	Lafayette PDF IN	Kokomo PDF IN	43,020	0	43,020
AMP	2011	Originating	24-Jun-11	Lancaster PDC PA	Harrisburg PDC PA	-23,157	5,135	-28,292
AMP	2011	O&D	12-Aug-11	Las Cruces PDF NM	El Paso PDF TX	-154,102	-182,255	28,153
AMP	2011	O&D	2-Sep-11	Lincoln PDF NE	Omaha PDC NE	0	0	0
AMP	2011	Originating	11-Feb-11	Lufkin PDF TX	East Texas PDC TX	-117,413	-67,377	-50,036
AMP	2011	Originating	18-Mar-11	Lynchburg PDF VA	Roanoke PDC VA	-168,777	-178,740	9,963
AMP	2011	Destinating	23-Aug-11	Meriden CSMPG CT	Jackson PDC CT	-174,267	0	-174,267
AMP	2011	O&D	24-Jun-11	Miles City CSMPG MT	Billings PDC MT	0	0	0
AMP	2011	O&D	24-Jun-11	Moberly CSMPG SD	Billings PDC MT	0	0	0
AMP	2011	Originating	4-Feb-11	Muncie PDF IN	Bismarck PDC ND	-482,543	-122,380	-360,163
AMP	2011	Originating	1-Jul-11	North Bay PDC CA	Kokomo PDF IN	89,663	-8,980	98,643
AMP	2011	O&D	18-Mar-11	Oshkosh PDC WI	Oakland PDC CA	570,791	282,953	287,838
AMP	2011	Destinating	25-Mar-11	Oxnard PDF CA	Green Bay PDC WI	-97,426	-262,764	165,338
AMP	2011	O&D	22-Jul-11	Pierre CSMPG SD	Santa Barbara PDC CA	1,049,651	92,068	957,583
AMP	2011	Destinating	21-Apr-11	Pikeville PO KY	Dakota Central PDF SD	-80,379	0	-80,379
AMP	2011	Destinating	5-Aug-11	Portsmouth PDF NH	Charleston PDC WV	-196,617	0	-196,617
AMP	2011	Originating	1-Apr-11	Reading PDF PA	Manchester PDC NH & So. ME PDC	24,235	0	24,235
AMP	2011	O&D	15-Jul-11	Riverton MPA WY	Lehigh Valley PDC PA	28,587	0	28,587
AMP	2011	O&D	21-Apr-11	Russellville CSMPG AR	Casper PDF WY	15,183	0	15,183
AMP	2011	Originating	4-Mar-11	Saginaw PDC MI	Little Rock PDC AR	4,430	0	4,430
AMP	2011	Originating	4-Mar-11	Saginaw PDC MI	Michigan MetroPlex PDC	345,338	-22,844	367,982

MILEAGE IMPACT ON PLANT TO PLANT AND PLANT TO POST OFFICE TRANSPORTATION

Study	Fiscal Year	Consolidation	Date of Report	Losing Facility	Gaining Facility	Impact to		
						Operating Miles (Total)	Operating Miles (Plant-to-Plant)	Miles (Plant-to-Post Office)
AMP	2011	Destinating	23-May-11	Salinas PDF CA	San Jose PDC CA	1,166,762	-337,966	1,504,728
AMP	2011	O&D	15-Jul-11	Sheridan CSMPC WY	Casper PDF WY	-70,895	0	-70,895
AMP	2011	O&D	9-Sep-11	Show Low CSMPC AZ	Phoenix PDC AZ	0	0	0
AMP	2011	O&D	15-Jun-11	Sioux City PDF IA	Sioux Falls PDC SD	-66,549	-201,667	135,118
AMP	2011	Originating	23-May-11	Stockton PDF CA	Sacramento PDC CA	97,855	0	97,855
AMP	2011	O&D	11-Mar-11	Texarkana PO TX	Shreveport PDC LA	-556,043	-48,836	-506,207
AMP	2011	O&D	9-Sep-11	Twin Falls MP Annex ID	Boise PDC ID	-56,362	0	-56,362
AMP	2011	Destinating	29-Jan-11	Victoria PDF TX	Corpus Christi PDC TX	-142,896	0	-142,896
AMP	2011	O&D	11-Feb-11	Wichita Falls MPA TX	Fort Worth PDC TX	268,872	0	268,872
AMP	2011	O&D	15-Jul-11	Worland CSPMC WY	Casper PDF WY	131,128	-2,122	133,250
AMP	2011	O&D	4-Feb-11	Zansville PDF OH	Columbus PDC OH	-10,874	0	-10,874
AMP	2012	O&D	10-Nov-11	Bemidji MN CSMPC	SL Cloud PDF MN	-123,697	-61,055	-62,642
AMP	2012	O&D	10-Oct-11	Bluefield WV CSMPC	Charleston PDC WV & Johnson City TN	-68,395	-22,438	-45,959
AMP	2012	O&D	21-Oct-11	Mansfield CSMPC OH	Cleveland PDC OH	423,749	-529,215	952,964
AMP	2012	O&D	7-Oct-11	Martinsburg CSMPC WV	Baltimore PDC MD	-196,342	-336,471	140,129
AMP	2012	O&D	28-Oct-11	Litsea PDF NY	Syracuse PDC NY	235,223	996	234,227
AMP	2012	O&D	7-Oct-11	Whesling PO WV	Pittsburgh PDC PA	-86,834	-151,694	64,760
AMP	2012	Destinating	28-Oct-11	Yakima CSMPC WA	Pasco PDF WA	-153,944	-30,025	-123,919
Total						-4,272,634	-14,469,316	9,810,838

**FINANCIAL REPORTING SUMMARY
BUDGET ACCOUNTS AND DESCRIPTION**

53127	Intra BMC
53131	Inter BMC
53135	Plant Load
53601	Intra P&DC
53609	Inter P&DC
53614	Inter-Cluster
53618	Inter- Area

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-21. Please refer to your response to PR/USPS-T6-12(b) where you state:

(b) As information, data from four (4) areas were included in my study, not 16. Only 14 AMP studies had been reviewed by my office at the time I finalized my testimony. I deemed it prudent to include all data points in my study. When all of the AMP studies relevant to this docket have been completed, I will update the record to reflect the additional data.

Now that all of the AMP studies relevant to this docket have been completed, when will you provide the updated record?

RESPONSE:

I will update the record with a supplemental response to PR/USPS-T6-12(b) by mid-April 2012.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-22. Please refer to your response to NPMHU/USPS-T6-5 where you state:

I intend to provide a full and complete response to this interrogatory (NPMHU/USPS-T6-5) within a reasonable period of time after the announcement of those final [AMP] decisions.

Now that all of the AMP studies relevant to this docket have been completed, when will you provide a full and complete response to this NPMHU/USPS-T6-5?

RESPONSE:

I will update the record with a supplemental response to NPMHU/USPS-T6-5 by mid-April 2012.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-23. Please refer to your response to NPMHU/USPS-T6-15 where you state:

I intend to provide a full and complete response to this interrogatory (NPMHU/USPS-T6-15) within a reasonable period of time after the announcement of those final [AMP] decisions.

Now that all of the AMP studies relevant to this docket have been completed, when will you provide a full and complete response to this NPMHU/USPS-T6-15?

RESPONSE:

I will update the record with a supplemental response to NPMHU/USPS-T6-15 by mid-April 2012.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-24. Please refer to your response to NPMHU/USPS-T6-18 where you state:

I intend to provide a full and complete response to this interrogatory (NPMHU/USPS-T6-18) within a reasonable period of time after the announcement of those final [AMP] decisions.

Now that all of the AMP studies relevant to this docket have been completed, when will you provide a full and complete response to this NPMHU/USPS-T6-18?

RESPONSE:

I will update the record with a supplemental response to NPMHU/USPS-T6-18 by mid-April 2012.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-25. Please refer to your response to POIR 4 Question 5(b) where you state in part:

The Postal Service anticipates that all final decisions concerning the AMP reviews associated with this docket will be announced by postal management in mid to late February, 2012. The Postal Service will update the record with information indicating the purpose and utilization of the trip and whether the trip is a candidate for elimination within a reasonable time after those announcements.

Now that all of the AMP studies relevant to this docket have been completed, when will you provide the updated record containing the information requested in POIR 4 Question 5?

RESPONSE:

I will update the record with a supplemental response to POIR 4 Question 5(b) by mid-April 2012.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-26. Please refer to your response to POIR 4 Question 6(b) where you state in part:

For the reasons discussed in my response to Question 5(b) of Presiding Officer's Information Request No. 4 (POIR No. 4), I am unable to provide information on the proposed mileage, proposed trip frequency, and proposed cost of routes in the rationalized network at this time. The Postal Service will update the record with this information within a reasonable time after the final AMP decisions discussed in my response to Question 5(b) are announced.

Now that all of the AMP studies relevant to this docket have been completed, when will you provide the updated record containing the information requested in POIR 4 Question 6?

RESPONSE:

I will update the record with a supplemental response to POIR 4 Question 6(b) by mid-April 2012.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY**

APWU/USPS-T6-27. Please refer to your response to POIR 4 Question 8 which states:

Because the design of the rationalized transportation network is not yet complete, I am unable to provide an updated estimate of the percentage reduction in plant-to-plant transportation activity that incorporates the expected increases in trip length from network rationalization at this time. The Postal Service will update the record with this information within a reasonable time after the AMP decisions discussed in my response to Question 5(b) are announced.

Now that all of the AMP studies relevant to this docket have been completed, when will you provide the updated record containing the information requested in POIR 4 Question 8?

RESPONSE:

I will update the record with a supplemental response to POIR 4 Question 8 by mid-April 2012.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO GREETING CARD ASSOCIATION INTERROGATORIES**

GCA/USPS-T6-1. Please refer to page 9, lines 11-23, of your prefilled testimony, and to the first page of Library Reference USPS-N2012-1/11 ("Plant to Plant Transportation Summary").

(a) Was the 24.71 percent reduction reported in both the above-cited locations arrived at by averaging the unrounded percent reductions in the last column of the above-cited spreadsheet? If your answer is not an unqualified "yes," please fully explain how the 24.71 percent was arrived at.

(b) Please explain how, if at all, route miles, annual frequency of trips, utilization, and vehicle capacity entered into the derivation of the 24.71 percent reduction.

[(c)] Please confirm that the 1,723 total trips shown as the total of the second column are identical with the trips listed in the second spreadsheet of Library Reference USPS-N2012-1/11 ("Plant to Plant Trips"). If you do not confirm, please explain fully.

RESPONSE:

(a) Yes.

(b) The 24.71 percent reduction figure was derived by dividing the number of trips that could be eliminated through network rationalization by the number of trips that I studied. To determine whether a trip was a candidate for elimination, I identified trips with low utilization and trips that would no longer be necessary due to a facility closure and/or the diversion of mail from surface transportation to air transportation. See USPS-T-6, at 9. Because vehicle capacity is a factor in determining utilization, vehicle capacity was an implicit factor in my analysis. Please see my response to PR/USPS-T6-4(b). Route miles and annual frequency of trips did not play a role in identifying trips for possible elimination.

(c) Confirmed.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO GREETING CARD ASSOCIATION INTERROGATORIES**

GCA/USPS-T6-4. Please refer to your prefiled testimony at page 9, lines 19-21, and page 12, lines 21-23.

- (a) Please explain fully why the 24.71 percent reduction cited on page 9 is described as a reduction in "plant-to-plant transportation" and the 13.68 percent reduction cited on page 12 as a reduction in "operating miles."
(b) If the two expressions quoted in (a) are not equivalent, please explain fully how, if at all, they can be made commensurable with one another.

RESPONSE:

- (a) The 24.71 percent reduction cited on page 9 represents an estimated reduction in "trips" within the plant-to-plant (i.e., long-haul) network.

Please see my response to NPHMU/USPS-T6-11. Because, the potential for trip elimination is much greater in the plant-to-plant network than in the plant-to-post office network, and because it is easier to conceptualize the plant-to-plant network in terms of the individual trips that comprise that network, I evaluated those trips using the criteria discussed in my testimony. Please see my response to GCA/USPS-T6-1(b). In contrast, the transportation analyses contained in AMP studies focus on the operating miles of impacted routes. Therefore, the 13.68 percent reduction cited on page 12 of my testimony is expressed in terms of a reduction in "operating miles." Please see my response to NPHMU/USPS-T6-12.

- (b) The two expressions are not equivalent. To convert trips into operating miles, one should multiply the number of miles that a trip takes by the frequency of the trip. For example, if a trip is scheduled to travel ten (10) miles each day and the annual frequency of the trip is three hundred and three (303) days, the number of operating miles for that trip would be three

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MARTIN
TO GREETING CARD ASSOCIATION INTERROGATORIES**

RESPONSE TO GCA/USPS-T6-4 (CONT.):

thousand and thirty (3030) miles.

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

NPMHU/USPS-T6-11. Please confirm that your estimate of a 24.71% reduction in Plant-to-Plant transportation, as stated on page 9 of your testimony, is based on a projected reduction in the number of Plant-to-Plant trips, and not based on a reduction in the number of operating miles or some other figure. If not confirmed, please explain what this figure is based upon.

RESPONSE:

On March 20, 2012, the Postal Service filed errata to the Direct Testimony of Cheryl Martin (USPS-T-6). On March 19, 2012, the Postal Service filed errata to library reference USPS-LR-N2012-1/11. Among the changes was a revision to the estimated percent reduction in Plant-to-Plant transportation of 24.71 percent. The revised figure is 24.39 percent. With this understanding, the statement in the interrogatory is confirmed.

Revised March 20, 2012

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
MARTIN TO PRESIDING OFFICER'S INFORMATION REQUEST No. 1**

9. On Page 9 of her testimony, witness Martin (USPS-T-6) estimates a 24.71 percent reduction in capacity of plant-to-plant transportation that will result from the network restructuring.
 - a. Please confirm that the 24.71 percent reduction in capacity represents a simple average of the seven regions.
 - b. A weighted average percent reduction in capacity, which takes into account regional differences in transported volume, and differences in trip distance and frequency within a region, might provide a more accurate measure of average percent reduction in capacity. Please explain the rationale for using a simple average rather than a weighted average.

RESPONSE:

- (a) Confirmed. The 24.39 percent reduction in capacity represents a simple average of the seven areas.
- (b) In preparing my testimony for this docket, I calculated the weighted average percent reduction in capacity and compared the result to the simple average. I included the simple average in my testimony because, when compared to the weighted average, the simple average was more conservative. A weighted average would have yielded an estimated capacity reduction of 29.79 percent, as shown in the chart below.

Plant to Plant Transportation Reduction			
Area	Trip Reduction	% Impact	Wgtd. Avg.
Northeast	86	35%	29.94
Eastern	143	33%	47.12
Cap Metro	89	31%	27.31
Great Lakes	69	26%	18.17
Southwest	44	26%	11.52
Western	34	16%	5.50
Pacific	4	4%	0.14
		24.39%	139.72
			29.79%

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

13. On page 15 of her testimony, witness Martin (USPS-T-6) estimates that 124 million pounds of First-Class Mail with a three-day service standard will be diverted from surface to air transportation annually as a result of the proposed changes in critical entry times.
- a. Please explain in detail the methodology used for estimating the number of pounds diverted.
 - b. Provide all supporting calculations.
 - c. Please quantify the surface transportation cost savings that result from moving 124 million pounds of mail to air transportation.
 - d. Please provide the estimated cost savings from mail diverted from air transportation to surface transportation as a result of changes in service standards. Include all supporting calculations, and identify where in the transportation cost savings estimates savings from diverting mail from air to surface is incorporated.

RESPONSE:

Please note that the Direct Testimony of Cheryl D. Martin on Behalf of the Postal Service (USPS-T-6) at 15, lines 3 through 5, was Revised on January 23, 2012.

The revised testimony states, "I have estimated that the volume of mail that will be transported via air transportation will increase by approximately 124 million pounds annually over current mail volumes transported by air." This correction is intended to clarify that the 124 million pound figure actually represents the net increase in air mail weight, not the total number of pounds that will be diverted from surface to air transportation annually as a result of the proposed changes in critical entry times.

(a-b) The following methodology and calculations were used to estimate the net volume and weight of First-Class Mail ("FCM") with a with a three-day service standard that will be diverted from surface to air transportation annually as a result of the proposed changes in critical entry times.

Except where indicated below, the input data files are contained in library references USPS-LR-N2012-1/25 and USPS-LR-N2012-1/NP7.

Revised March 20, 2012

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

RESPONSE TO QUESTION 13 (CONT.):

1. The analysis began with the service standards matrix for Quarter 1 of FY2012. This matrix contains 850,950 Origin Three-Digit ZIP Code ("OZIP3") and Destination Three-Digit ZIP Code ("DZIP3") pairs ("O/D pairs"). It also contains the Quarter 1, FY2012 FCM service standard for each O/D pair. This service standards matrix is contained in a tab-delimited text file, "OrigStndPQ1FY2012," and is filed under Library Reference USPS-LR-N2012-1/62.
2. The current OZIP3-DZIP3 transportation mode matrix (file name "Current FCM Modes") was mapped to the service standards matrix described in ¶ 1 using the SAS code contained in the file "Attach.Resp. POIR1.Q13." This SAS code file has been filed under library reference USPS-LR-N2012-1/60.
3. The data in the file "FY2010 FCM ADV" were also mapped to the service standards matrix described in ¶ 1 using the SAS code. This file contains the average daily volume ("ADV") for FCM for the O/D pairs in FY2010. Steps 1-3 yielded the current mode and the average daily volume for the O/D pairs.
4. To determine the new transportation modes for the O/D pairs, the proposed outgoing and incoming facilities for the O/D ZIP Codes were mapped to the service standard matrix described in ¶ 1 using the SAS code. The information that links the proposed facilities to their ZIP Codes is filed under library reference USPS-LR-N2012-

Revised March 20, 2012

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

RESPONSE TO QUESTION 13 (CONT.):

1/17 (spreadsheet titled "17_ZipAssignment_LocalInsight").

5. The distance between the proposed facilities was mapped to the service standard matrix described in ¶ 1 using the SAS code. Facility-to-facility distance information is contained in the file "Proposed L201 to SCF Drive Time." PC Miler batchpro version 20.1, software that allows for the generation of road mileage estimates between any two points, was used to estimate the mileage between the proposed facility pairs. Time zones of the facilities were also mapped to the service standards matrix. Time zone data are publicly available.
6. The driving time between the proposed origin and destination pairs was determined by dividing the distances (d) between those facilities by a fixed travel speed (46.5 miles per hour). The driving time was then adjusted to account for time-zone changes between the origin and destination facilities. For example, if under the proposed network mail would be traveling from a facility in the Eastern Standard Time zone to one in the Central Standard Time zone, we subtract an hour from the actual driving time to account for the hour "gained" by traveling from one time zone to the other.
7. For mail traveling within the Continental United States (CONUS), the new service standard and transportation mode for each O/D

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

RESPONSE TO QUESTION 13 (CONT.):

pair were determined as follows:¹

- a. The pair was assigned two-day surface when the adjusted drive time between the two facilities was four hours or less. This includes instances where the incoming and outgoing processes occur at the same facility.
 - b. Remaining pairs were assigned three-day surface when the adjusted drive time between facilities was less than 24 hours.
 - c. All remaining pairs that did not meet the criteria above were assigned to three-day air.
8. The operations above permitted us to produce a file ("Proposed FCM Modes") that contained the new transportation modes for the proposed O/D pairs. Changes in the mode of transportation for particular O/D pairs, and the associated volumes, were determined by comparing the data in the "Current FCM Modes" spreadsheet with data in the "Proposed FCM Modes" spreadsheet as follows:
- a. For each O/D pair, if the current mode is air and the new mode is surface, then FCM volume for that O/D pair would be diverted from air to surface. The FCM volumes for these O/D pairs were aggregated to determine the total volume of FCM that will be diverted from air to surface.

¹ The mode remained the same for all offshore pairs.

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

RESPONSE TO QUESTION 13 (CONT.):

- b. For each O/D pair, if the current mode is surface and the new mode is air, then FCM volume for that O/D pair would be diverted from surface to air. The FCM volumes for these O/D pairs were aggregated to determine the total volume of FCM that would be diverted from surface to air.
 - c. The total volume of FCM that would be diverted from air to surface was subtracted from the total volume of FCM that will be diverted from surface to air, thereby yielding the net volume of FCM that will be diverted from surface to air.
9. To convert the volume into annual weight, the change in air volume was converted from average daily volume (ADV) into annual volume by multiplying the volume by 302 processing days. The annual volume was converted to weight using a factor of .047LB/piece.

The responsive data are contained in the following files in library references USPS-LR-N2012-1/25 and USPS-LR-N2012-1/NP7. The results of these calculations are provided in USPS-LR-N2012-1/11 in the spreadsheet titled "Air Transportation Volume Diversion Data."

- (c) The surface transportation cost savings arising from shifting mail from highway transportation to air transportation are already captured in the overall estimated reduction of approximately 24.4 percent for Plant-to-Plant transportation. Because no material savings are expected from the

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

RESPONSE TO QUESTION 13 (CONT.):

estimated reduction in highway transportation volume, no attempt was made to quantify that small part of the overall cost savings separately. The rationale for expecting no material cost savings is that the affected volume diverted to air transportation currently travels across many different trips in the surface network. Among other things, these trips carry mail volume for several destinations to surface transfer centers for additional sorting and transfer. Thus, the estimated reduction in highway volume of just 529 thousand pounds per day is so small compared to the surface network's size that it will likely decrease capacity utilization rather than eliminate entire trips.

- (d) The cost saving arising from mail being diverted from air transportation to surface transportation is already included in the overall increase in air transportation cost calculated by witness Bradley. That is because he calculates the additional cost of the net additional volume of 124 million pounds being diverted to air. As the table on the next page shows, the 124 million pounds is the difference between the amount of mail being diverted from surface to air transportation and the amount of mail being diverted the other way. As also shown, the approximately 118 thousand pounds per day diversion of volume from air to surface is quite small compared to the overall size of the highway transportation network and will not cause a measurable increase in highway costs.

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

RESPONSE TO QUESTION 13 (CONT.):

	ADV	ADV LBS	Annual LBS
Air to Surface	2,505,946	118,332	35,736,362
Surface to Air	11,216,625	529,656	159,956,131
DIFF	8,710,679	411,324	124,219,769

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN TO
QUESTION 4 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 7**

4. Please refer to the response to POIR No. 4, question 5(b), attachment Excel file 'Resp.POIR4.Q5b (Martin).xls,' worksheet 'Plant to Plant Cost'. Please provide the key (definition) for data provided in rows 862 to 1,575 under column A of 'Plant to Plant Cost' worksheet.

RESPONSE:

The key is provided below:

1B	Northeast Area
1C	Eastern Area
1E	Western Area
1H	formerly Southeast Area
2E	Seattle Branch

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN TO
QUESTION 5 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 7**

5. Please refer to the response to POIR No. 4, questions 5(b) and 6(b), attachments 'Resp.POIR4.Q5b (Martin).xls' and 'Resp.POIR4.Q6b (Martin).xls.'
 - a. Please confirm that worksheet 'Plant to Plant Cost' in 'Resp.POIR4.Q5b (Martin).xls' contains all plant-to-plant routes. If not, please provide all plant-to-plant routes and trips in the same format as attachment 'Resp.POIR4.Q5b (Martin).xls.'
 - b. Please confirm that worksheet 'Plant to Post Office Cost' in 'Resp.POIR4.Q6b (Martin).xls' contains all plant-to-post office routes. If not, please provide all plant-to-plant routes and trips in the same format as attachment 'Resp.POIR4.Q6b (Martin).xls.'

RESPONSE:

- (a) Confirmed. The spreadsheet contains all plant-to-plant routes in the current network.
- (b) Confirmed. The spreadsheet contains all plant-to-Post Office routes in the current network.

N2012-1

United States Postal Service

**Frank Neri
(USPS-T-4)**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY

APWU/USPS-T4-32 Please refer to your response to APWU/USPS-T5-6(d) redirected to you from Witness Bratta. Please explain why the lost value of excess equipment that is stored, disposed of, or sold for less than its value not accounted for in the AMP study or PIR.

RESPONSE:

An AMP accounts for the removal or disposal of a piece of equipment only if it is required to complete the consolidation. The scope of the AMP analysis is limited to functions required for the movement of mail. The AMP process does not consider costs or benefits related to functions that are not required for the movement of mail in order to avoid a distortion of the business case concerning consolidation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-49

In your response to APWU/USPS-T1-21 you confirmed Mr. Neri's description of LR 57 as being a list of 487 mail processing facilities in the Postal Service network as of September 15, 2011.

- a) Please confirm that the following facilities on the Postal Service's February 22, 2012 list of facilities that have been approved for consolidation do not appear in LR 57: 1) Alamogordo, NM CSMPC; 2) Albany, GA CSMPC; 3) Athens, GA P&DF; 4) Bloomington, IN P&DF; 5) Campton, KY CSMPC; 6) Clovis, NM CSMPC; 7) Farmington, NM CSMPC; 8) Jackson, TN P&DF; 9) Owensboro CSMPC, KY; 10) Quincy, IL P&DF; 11) Socorro, NM CSMPC; 12) Truth or Consequences, NM CSMPC; 13) Tucumcari, NM CSMPC; 14) Glens Falls, NY CSMPC; 15) Portage, WI CSMPC; 16) Poteau, OK CSMPC; 17) Valdosta, GA CSMPC; 18) Wareham MA CSMPC; and 19) Woodward, OK CSMPC.
- b) If you cannot confirm, please provide the number and name of the facility listed in LR 57 that matches to each of these facilities.
- c) Please confirm that these facilities were part of the mail processing network on September 15, 2011 and continue to be part of the mail processing network today.
- d) Please provide a list of any other active mail processing facilities that are missing from LR 57.

RESPONSE

I was aware that USPS Library Reference 57 included network facilities among the 487 mail processing facilities it listed.

- a. Not confirmed.
- b. Wareham is also known as Cape Cod.
- c. Confirmed, with the caveat that the listing of facilities contained in USPS Library Reference 57 was produced originally for purposes of the Annual Report and includes sites such as CSMPCs, in addition to those considered to be "network facilities," as that term is ordinarily used in Network Operations Management. Accordingly, the indication in the text of the Preface of that Library Reference that it consists of a "list of Postal

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

RESPONSE to APWU/USPS-T1-49 (continued)

"Service Facilities" is a more informative description of the list than the title "Facilities in the Postal Service Network".

- d. The list of facilities includes those designated by the Postal Service as network facilities. In general, the network facilities have automated equipment. Note, CSBCS-only sites are generally not included in the network facility category. Accordingly, the Postal Service would also include (1) Albany, GA (2) Athens, GA (3) Bloomington, IN and (4) Quincy, IL.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-50 In response to POIR 5, Q 9, the Postal Service provided the AMP studies for most of the facilities listed on the February 22nd list of facilities approved for consolidation (LR 73). Please confirm that the AMP study is the source of the correct information about which activities will be consolidated at each location (e.g. origin and destination, destination only, origin only).

RESPONSE

AMP decision documents such as those contained in USPS Library Reference 73 describe the originating and/or destinating operation identified for consolidation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-51 In response to POIR 5, Q 9, the Postal Service provided the AMP studies for most of the facilities listed on the February 22nd list of facilities approved for consolidation (LR 73). However, the Staten Island/Brooklyn consolidation of destinating mail does not appear in this filing. Will that be provided later?

RESPONSE

It was inadvertently not included in USPS Library Reference 73 and will be filed as part of an upcoming USPS Library Reference.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-52 In response to POIR 5, Q 9, the Postal Service provided the AMP studies for most of the facilities listed on the February 22nd list of facilities approved for consolidation (LR 73). Please confirm that the savings estimated for the approved AMPs presented here is less than \$1 billion.

RESPONSE

Aggregating the savings for those AMPs provided so far may very well lead to a total less than \$1 billion. As stated in response to APWU/USPS-T1-26, the AMP process is not intended to estimate the overall savings associated with the Network Rationalization initiative. The AMP process was utilized to assess facility-specific business cases for consolidation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-53 In response to POIR 5, Q 9, the Postal Service provided the AMP studies for most of the facilities listed on the February 22nd list of facilities approved for consolidation (LR 73).

- a) A review of the summary pages of those AMP studies show that in more than 50 analyses the net number of management and supervisory employees is expected to increase once the consolidation takes place. Yet there are savings estimated in management and supervisory hours for most of these cases. Please explain the circumstances that cause both of these to be true. [As one example, Topeka KS consolidation into Kansas City, MO shows a net increase of 8 PCES/EAS employees yet expects a savings of over \$400,000 per year to be generated from this consolidation. While one notes that the table of employee counts on page 5 is labeled Provo/Grand Junction, the numbers themselves do not appear to match that pairing and therefore are assumed to pertain to the Topeka/Kansas City consolidation.]
- b) Please explain why it would be necessary to increase management/supervisory employees when most of the consolidations reduce workhours associated with craft employees.
- c) There are a handful of cases where, on net, the number of craft employees is expected to increase after the consolidation yet in most of those cases there is an expectation of craft workhour savings. Please explain the circumstances that cause both of these to be true. [Jackson, TN and Kinston, NC are two examples.]

RESPONSE

- a-b. A reduction in authorized management positions was applied by the local sites when estimating the savings. In many cases, the sites have vacant management positions on the rolls but are covering these positions with detailed employees from other facilities, detailed craft employees (204b), or extra straight time supervisory hours. The reduction of authorized management positions in the workbooks was accompanied by a reduction of full-time equivalent supervisory or management hours. This explains why many AMP workbooks demonstrate a management savings, but an increase in management positions. The proposals indicate a need to fill

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

RESPONSE to APWU/USPS-T1-53 (continued)

an authorized position, however the net number of workhours used will decrease due to a reduction in detail, 204b, or extra straight time hours.

c. There are several reasons why craft employees and craft savings may not appear to align with one another:

- The number of positions identified in the AMP packages are a result of a "Full Time Equivalent" calculation and may not be directly related to mail processing positions. These calculations were based upon the national average of each craft employee averaging 1745 work hours per year. The number of positions identified in the AMP packages was a base formula that estimated the total number of estimated hours at the gaining site divided by 1745 work hours to determine the projected staffing. In some sites, employees are averaging greater than 1745 which could have produced the results for which you are referring.
- The overall craft position change on the executive summary contains several different crafts (e.g., mail processing, maintenance, motor vehicle, etc.) and the Mail Processing Craft Savings only pertains to the clerk and mailhandler positions.

RESPONSE to APWU/USPS-T1-53 (continued)

- Any changes between the positions from one craft to another impact the workhour costs.
- Any changes between the positions from one facility to another impact the workhour costs.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-54 As of February 22, there were six facilities that were still being studied, when does the Postal Service anticipate making decisions about those six facilities?

RESPONSE

After all required pre-decisional analysis is completed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-55

In LR 73, there are two different studies filed for the originating and destinating mail consolidation for Ft. Lauderdale P&DC, which appear to be evaluated for different but partially overlapping periods of time. What steps were followed to make sure that these two studies provide the same answer as a single study on the consolidation of O&D mail would have provided?

RESPONSE

Originating mail volumes and associated allied activities were removed from the Destinating model to ensure that the workhours savings were not duplicated. In the Originating model, the Destinating mail volumes and associated allied activities were removed in order to ensure that the workhour savings were not duplicated.

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.

REVISED ON MARCH 23, 2012

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

NPMHU/ USPS – T4-12 On page 18 of your testimony, you state that eliminating the need for mail processing facilities to wait for overnight First-Class Mail would result in an idle time reduction of 27%. Please provide a citation to testimony or library reference that supports this figure.

RESPONSE:

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 USPS Library Reference USPS-LR-N2012-1/10.

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

PR/USPS-T-4-15

Understanding that any estimate is subject to the current uncertainty over which facilities will be eliminated and how the network will be restructured, please estimate the following:

- a. Percentage of Priority Mail, by revenue and piece count, which will maintain its current service standard, the percentage whose standard will be increased by one day, and the percentage whose standard will increase by two days (if any),
- b. Percentage of Express Mail, by revenue and piece count, which will maintain its current service standard, and the percentage whose standard will be increased by one day,
- c. Percentage of First-Class Mail, by revenue and piece count, which will maintain its current service standard, the percentage whose standard will be increased by one day, and the percentage whose standard will increase by two days (if any),
- d. Percentage of Periodicals mail, by revenue and piece count, which will maintain its current service standard, the percentage whose standard will be increased by one day, and the percentage whose standard will increase by two or more days ,
- e. Percentage of Standard Mail, by revenue and piece count, which will maintain its current service standard, the percentage whose standard will be increased by one day, and the percentage whose standard will increase by two or more days ,
- f. Percentage of package services mail and piece count, by revenue, which will maintain its current service standard, the percentage whose standard will be increased by one day, and the percentage whose standard will increase by two or more days.
- g. Please confirm that no other categories of mail will be affected by these service standard changes. If you cannot confirm, then for any other category that is affected, please provide an estimate of the percentage of that mail category, by revenue and piece count, which will maintain its current service standard and the percentage whose standard will be increased.

RESPONSE:

a-b. Please see the responses to interrogatories APWU/USPS-T1-34(a) and APWU/USPS-T4-3 and 4.

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

RESPONSE to PR/USPS-T4-15 (continued):

- c. Please see the responses to Presiding Officer's Information Request No. 1, Question 1, and interrogatories NPPC/USPS-T1-4 and DBP/USPS-2 and 3.
- d. Please see the response to interrogatory APWU/USPS-T4-2(i-j).
- e. The information requested by this interrogatory part is not available to the Postal Service at this time. No Postal Service data system contains end-to-end data for Standard Mail which could provide the basis for the requested analysis.
- f. Please see the response to interrogatory APWU/USPS-T1-33.
- g. I am aware of no other categories of mail that will be affected by the changes proposed in this docket.

N2012-1

United States Postal Service

**Emily R. Rosenberg
(USPS-T-3)**

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

APWU/USPS-T3-31

Please refer to your response to POIR 5 Question 4. The workbook "POIR 5 Q4 Attachment.xls" filed as your response to POIR 5 Question 4 identifies 121 post-network-rationalization Outgoing Priority facilities. Of these 121, 16 are NDCs. The workbook also identifies 120 post-network-rationalization Incoming Priority facilities, of which 7 are NDCs.

- a) Please identify all NDCs which conducted Outgoing Priority processing during FY 2010.
- b) Please identify the subset of the 16 post-network-rationalization NDCs that also did Outgoing Priority processing during FY 2010.
- c) Please identify all NDCs which conducted Incoming Priority processing during FY 2010.
- d) Please identify the subset of the 7 post-network-rationalization NDCs that also did Incoming Priority processing during FY 2010.

RESPONSE

NDC processing of Priority Mail is not systemwide or routine. Available information for FY 2010 shows that such processing was limited to a particular day of the week in some locations or during the December volume surge at others.

- (a-b) Cincinnati and Philadelphia.
- (c) Cincinnati, Denver, Jacksonville, Minneapolis, Philadelphia, Seattle, Springfield. The majority of Atlanta's Priority Mail volume is processed at the L&DC, but there were scans on Priority Mail at the Atlanta NDC.
- (d) Cincinnati, Jacksonville, Minneapolis, Philadelphia, and Springfield.

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

Revised: March 29, 2012

GCA/ USPS-T3-20 On the first page appended to your testimony, for each operation under VOLUME, please state the current machine efficiency percentage.

RESPONSE

See the revised response to GCA/USPS-T3-46.

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

Revised: March 29, 2012

GCA/ USPS-T3-21

- (a) On the first page appended to your testimony under WORKLOAD WINDOWS, please explain why in the newly proposed network cancellation would have a labor efficiency of only 52 percent, whereas the other windows would have labor efficiencies of 70 percent to 84 percent?
- (b) You state labor efficiency is measured as "the ratio of current labor work-hours to expected labor workhours". Please define "expected labor workhours" as that expression is used here. (Does 52 percent, for example, mean then that there will be roughly double the labor workhours after network rationalization than there are now?) Please explain your answer fully.

RESPONSE

- (a-b) See the response to GCA/USPS-T3-48.

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

Revised: March 29, 2012

GCA/ USPS-T3-22 On the first page appended to your testimony under VOLUME please provide, or give citations to, a full description of each operation listed.

RESPONSE

For the scoring tool, the Acronyms under the Volume section of the "Assumptions" worksheet of Library Reference 14 are as follows:

CANC – Letter Cancellation Workload

L-OGP – Letter Outgoing Primary

L-INP – Letter Incoming Primary

L-INS – Letter Incoming Secondary and Delivery Point Sequencing

F-OGP – Flat Outgoing Primary

F-OGS – Flat Outgoing Secondary

F-INP – Flat Incoming Primary

F-INS – Flat Incoming Secondary

P-OGP – Parcel Outgoing Primary

P-INP – Parcel Incoming Primary

PRI – Priority (Outgoing and Incoming)

Intl – International

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

Revised: March 29, 2012

GCA/USPS-T3-23

- (a) On the first page appended to your testimony, under EQUIPMENT, please explain whether a blank space under the square foot column means the machinery (i) is part of current inventory but not in use at present, or (ii) is part of current inventory but will not be after network realignment, or (iii) something else. If your answer is (iii), please explain fully the meaning of the blank space.
- (b) Does the "# available" column for the row "Automation" under EQUIPMENT mean that the current inventory of all automation equipment is 7,503, and that 12 the subsequent rows in that column break that total down by type of machine? Please explain your answer.
- (c) Why is the average per square feet per machine identical at 2,491 as between the rows labeled "Automation" and "DBCS"?

RESPONSE

- (a) This model was built based on letter volume. The two categories Automation and AFCS capture the letter processing equipment used in the model. Automation, as shown in cell D47 is the sum of CIOSS, DIOSS, CSBCS, and DBCS). Thus, letter equipment is accounted for and multiplied by the associated square footage. The remaining missing square footage was not required as it was not used for this analysis.
- (b-c). See the response to part (a).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO GREETING CARD ASSOCIATION'S INTERROGATORIES**

GCA/USPS-T3-40

In your answer to GCA/USPS-T3-8(b), you state that "The scoring tool includes a subset of the iterations run." You also note that "no document that includes all iterations". For the subset of the iterations run, please answer the question as specified in the last two sentences of (b).

RESPONSE

The scoring tool did not distinguish operating windows between single piece and presort letter mail. All iterations were run based on letters collectively.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO GREETING CARD ASSOCIATION'S INTERROGATORIES**

GCA/USPS-T3-41

In your answer to GCA/USPS-T3- 9. (c), you state that it was realized "that mailers may be able to enter prior to the initiation of DPS processing[.]" To clarify your response, please answer the following questions.

- (a) Please confirm that in the clause quoted above, "mailers" refers only to Pre-sort mailers. If you do not confirm, please explain the scope of the term "mailers" as you used it in your answer.
- (b) Did the feedback and comments referred to in your response include any views or discussion of Single-Piece mail? If so, please describe any such views or discussion of which you are aware.
- (c) If your answer to (a) was to confirm that Presort mailers are considered able to enter prior to initiation of DPS processing, please explain why collection mail, such as local mail, could not be entered at a similar time, for example by adjusting pickup times as necessary?
- (d) If Presort bureaus can pick up and sort collection mail as well as bulk mail on Monday and submit it to USPS on Monday prior to initiation of DPS processing, why could not the Postal Service deal similarly with collection mail under the proposed plan?

RESPONSE:

- A. Confirmed.
- B. I am not aware of any such discussions.
- C. The answer confirms my limited understanding that some, not all Presort mailers have such ability. Otherwise, please see the response of witness Neri to GCA/USPS-T4-24 and the institutional response to GCA/USPS-T3-41(d).
- D. [Redirected to the Postal Service for an institutional response]

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO GREETING CARD ASSOCIATION'S INTERROGATORIES**

GCA/USPS-T3-42

- (a) With respect to your answer to GCA/USPS-T3-10, are all such potential future locations taken from existing locations, or are some nodes entirely new proposed locations?
- (b) If your answer in (a) states there are no new nodes, please explain why approximately the surviving half of an old network built for a different set of circumstances can "optimize" the Postal Service's needs for the future.

RESPONSE:

- A. For the scoring tool, the nodes were theoretical processing nodes. No specific location is provided. The scoring tool was a strategic initiative to create a starting point for discussion around potential operating windows.
- B. Not applicable.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO GREETING CARD ASSOCIATION'S INTERROGATORIES**

GCA/USPS-T3-43

The correct citation for GCA/USPS-T3-11 is your testimony at page 3, line 20. With correction of the page number, please answer both questions in that interrogatory.

RESPONSE:

- A. In my testimony, "Local DPS Operation", refers to the processing plants service area.
- B. No. There is no non-local DPS operation. DPS operations are local in the same sense that letter carriers are local.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO GREETING CARD ASSOCIATION'S INTERROGATORIES**

GCA/USPS-T3-45

The correct reference for the questions posed in GCA/USPS-T3-16 is LR 14_REP, Excel File 14_mail processing window scoring tool. There is no page number for the page in question, but there is an explanatory paragraph at the top of the page which begins: "When generating results, the tool calculates savings one scenario at a time." With this clarification in mind, please answer the three parts of this question.

RESPONSE

- A. No. The model is built to work on day increments.
- B. The analysis proposed is outside the scope of the modeling.
- C. The model is self-contained. All the data required to adjust the model to work on hourly increments are available for parties seeking to engage in such alternative analysis. Parties are free to adjust many assumptions to see the impacts of their sensitivity analyses.

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

Revised: March 29, 2012

GCA/ USPS-T3-46

GCA/USPS-T3-46: The correct reference for the questions posed in GCA/USPS-T3-20 - 23 is LR 14_REP, Excel File 14_mail processing window scoring tool. There is no page number for the page in question, but there is an explanatory paragraph at the top of the page which begins: "When generating results, the tool calculates savings one scenario at a time." With this clarification in mind, please answer the four cited interrogatories.

RESPONSE

The term "machine efficiency" was coined for modeling. There is no metric that measures machine efficiency in this context. See the revised responses to GCA/USPS-20 – 23.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO GREETING CARD ASSOCIATION'S INTERROGATORIES**

GCA/USPS-T3-48

The reference for the second sentence of GCA/USPS-T3-34 is LR 14_REP, Excel File 14,_mail processing window scoring tool. There is no page number for the page in question, but there is an explanatory paragraph at the top of the page which begins: "When generating results, the tool calculates savings one scenario at a time." With this corrected citation, please answer the question.

RESPONSE

This labor efficiency was used to calibrate the model. Given the operating window for cancellation is approximately four and half hours, only a little over half of an 8 hour employee's time would be working the AFCS. The AFCS is only used for the cancellation operation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO GREETING CARD ASSOCIATION'S INTERROGATORIES**

GCA/USPS-T3-49

Please refer to your answer to GCA/USPS-T3-36., specifically the first two items listed on your six point binary scale.

- (a) Please confirm that your usage of the term "service standard" means the current service standard. If you do not confirm, please explain your usage of "service standard."
- (b) Please confirm that if 99 percent of the single- piece mail met the current service standards for the first two items on your six point binary scale, and only 1 percent did not, the network scenario envisioned would in essence be deemed infeasible for 100 percent of that mail.
- (c) Please assume, hypothetically, that service standards were changed so that all mail meeting the criteria of the first two items on your scale (the 99 percent referenced in (b)), would be processed using current service standards, and the 1 percent would be processed for delivery a day later using an additional, modified standard for it. Please confirm that under such an assumption a number of the new networks that were deemed infeasible under your assumptions, would then be deemed feasible. If you do not confirm, please explain.
- (d) Assuming the service changes proposed in (c), please confirm that there would be a number of feasible new networks that did not eliminate overnight delivery for all single – piece FCLM. If you do not confirm, please explain.
- (e) Assuming the service changes proposed in (c), please confirm that there would be a number of feasible new networks with less mail processing equipment and facilities than at present. If you do not confirm, please explain.

RESPONSE:

- A. No. Service standard refers to the service standard in the model.
- B. Confirmed.
- C. See the response to GCA/USPS-T3-12. There is a single service standard for every 3-digit ZIP Code origin-destination pair for First Class Mail.
- D. See the response to part C.
- E. See the response to part C.

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

PR/USPS-T3-33

Please refer to page 13, line 16 of your testimony where, for purposes of modeling, you assumed that each 3-digit ZIP Code workload could be transported up to 200 miles to be processed by a plant. Under current mail processing standards what is the maximum distance a 3-digit ZIP code workload could be transported?

RESPONSE

Based on the L005 label list, for the contiguous 48 states, the farthest distance from 3-digit centroid to SCF Processing Facility is 330 miles.

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

PR/USPS-T3-34

Please refer to Library Reference USPS-LR-N2012-1/15, file "CustomerDetails.twb" and explain how mileage bands (column O) are used within the LogicNet Optimization Model.

- a. Please explain why the 3 digit ZIP Code 768 has a minimum distance of 136.2 miles to the closest processing facility (it is assigned to GROUP_150_to_160 instead of GROUP_130_to_140).
- b. Please indicate if any other 3 digit ZIP Codes are assigned to a higher mileage band.

RESPONSE

The mileage group (Column O) of CustomerDetails is paired with feasible plant to customer lanes and used within Logic Net to set the maximum distance a Customer can be from the assigned plant.

- a. Logic Net was used to derive the mileage bands. Model iterations were run to determine the mileage band to which each customer belonged. For example, when plant to customer lane was constrained to 150 miles, the model returned an infeasible result because ZIP Code 768, as well as other ZIP Codes, were not within 150 miles of a plant. The infeasible ZIP Codes could be identified in the error log. When the next iteration was run at 160 miles, the model returned an infeasible result, but ZIP Code 768 was not one of the infeasible ZIP Codes. Therefore, ZIP Code 768 was put in the mileage band group called GROUP_150_to_160. The distance is calculated internally by Logic Net and not explicitly stated in the reports we reviewed. Therefore, the exact mileage used by Logic Net cannot be stated here.

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

RESPONSE to PR/USPS-T3-34 (continued)

- b. The method for calculating minimum distance was stated in part a. The mileage band calculations were spot checked but there was no formal process for recording the validation distances, and therefore this information is no longer available to make the comparisons requested in part b.

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

PR/USPS-T3-35

Please confirm that the LogicNet Optimization model does not:

- a. Utilize costs for transportation between mail processing facilities. If not confirmed please explain.
- b. Utilize operating windows or capacity requirements for the FSS.
- c. Please explain how one would calculate the capacity requirements of the FSS for use in the LogicNet Optimization Model. If additional data would be required to perform such a calculation, please provide it.

RESPONSE

- a. Confirmed.
- b. Confirmed
- c. One way to model FSS, is to use the information within the FSS Decision Analysis Report to determine the mail pieces per machine that no longer require Incoming Secondary sort. If one assumes the FSS remain where they are currently deployed, the footprint of FSS machine plus required staging can be removed from the total facility square footage so the other ZIP Code – Shape combinations cannot utilize the square footage allotted to the FSS machines. In addition, the FSS volume should be removed from the ZIP Code-Shape square footage requirements and reflected in the demand file accordingly.

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

PR/USPS-T3-36

Please refer to Library reference USPS-LR-N2012-1/13, Worksheet "Model MODS" rows 16 through 17 provide the operating windows for DPS Sort used in your model.

- a. Please confirm that the 2nd pass of the DPS Sort ends at 7:09 am on day two.
- b. Please also confirm that the proposed operating window for DPS sort, at page 35 of your testimony ends at 4 am.
- c. Please reconcile these apparent discrepancies.

RESPONSE

- a. Confirmed.
- b. Confirmed.
- c. Model results were adjusted to compensate for other constraints not considered by the model. In this case the DPS sort needed to end by 4 AM Day 2 to preserve a 2 day standard.

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

PR/USPS-T3-37

Please confirm that a shorter window of 7 hours for cancellation and outgoing primary, instead of the 12 hours used in your LogicNet model, more facilities would be needed to accommodate the increased footprint? If not confirmed please explain.

RESPONSE

Confirmed.

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

PR/USPS-T3-38

Please refer to page 17, lines 10 through 15 of your testimony where you indicate that 61 sites from the LogicNet output were deactivated and 71 sites not in the LogicNet output were activated.

- a. Please confirm this results in 187 facilities.
- b. Please reconcile this figure with the 199 facilities referred to on page 34, line 17, of your testimony, where you indicate that there are 199 facilities.
- c. Please explain when these additional 12 facilities were added and what was the basis for their addition?

RESPONSE

a-c. Not confirmed.

There are 10 sites that were not MODS sites (BEND, OR; COLBY, KS; DEVILS LAKE, ND; DURANGO, CO; ELY, NV; NORTH PLATTE, NE; ROCK SPRINGS, WY; TWIN FALLS, ID WOLF POINT, MT; WORLAND, WY) and thus were not counted in the 61. In addition, the FSS Annexes were not explicitly modeled (CLEVELAND OH FSS Annex and COLUMBUS OH FSS Ahnex).

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

PR/USPS-T3-40

Please confirm that on page 26 of your testimony, lines 3 through 8 you indicate that when the proposed equipment for a site was constrained by the facility's workroom square footage multiple DPS sort schemes were consolidated to reduce the total number of machines needed by triple and quadruple banking the machines.

- a. In how many sites did you need to make this change to triple and quadruple bank machines?
- b. What fraction of the total number of facilities does this represent?

RESPONSE:

- a. I am informed that in our initial modeling, updates were made to 48 sites.
- b. 36 percent -- 48 out of 134 modeled letter sites.

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

PR/USPS-T3-41

Please refer to page 21 of your testimony, lines 20 and 22 you indicate that you modeled the AFCS requirement using the 75th percentile of volume and the DBCS requirement for outgoing primary using the 95th percentile of volume.

- a. Please confirm that Library reference USPS-LR-N2012-1/17 uses the same traffic volume as library reference USPS-LR-N2012-1/13 (which uses average traffic volumes).
- b. Please explain where and how the 75th and 95th percentile are accounted for in library reference USPS-LR-N2012-1/17.

RESPONSE

- a. Confirmed.
- b. 75th and 95th percentile volumes were not used in USPS-LR-N2012-1/17. Page 21, lines 20 and 22 refer to the detailed equipment modeling step. LR 17 was used in a previous step and the volumes shown in LR 17 were not used for detailed equipment modeling.

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

PR/USPS-T3-42

Please refer to page 25 of your testimony line 1, where you indicate that the DBCS requirement for DPS was determined using a peak factor of 120 percent of Fiscal Year 2010 average daily volume. In footnote 33 you indicate that the peak factor for the 95th percentile from 2009 data is 126 percent. Please explain which peak factor was used and reconcile this apparent discrepancy.

RESPONSE

A peak factor of 120 percent was applied to FY2010 average daily volume to determine DBCS requirements for DPS. The 120 percent peak factor used was based on the knowledge that the average 95th percentile peak factor for FY2009 was 126 percent.

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

PR/USPS-T3-44

In "Model MODS" of both USPS-LR-N2012-1/13 and USPS-LR-N2012-1/17 a factor of 0.8 is used to calculate square footage requirements per hour for DBCS when both outgoing primary and DPS Sort processes are occurring. See Column BU in worksheet "Model MODS" in USPS-LR-N2012-1/17.

- a. Please explain why a factor of 1 is not used?
- b. Would your analysis change if a factor of 1 is used instead of 0.8?
- c. If so, how would it change and what would be the implications?

RESPONSE

- a-c. A factor of 0.8 is used when DPS1 and DPS2 have overlapping windows.

Resources will be shared between DPS1 and DPS2. A 0.8 factor was used as an approximation of the reduction in square footage when these two processes overlap.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-T3-45

Please refer to footnotes 26, 27, and 33 in your testimony. Please provide peak factors for the 96th, 97th, 98th, 99th percentile volumes for cancellation, outgoing primary, and DPS letters.

RESPONSE

**National
Peak Factor
Fiscal Year 2010**

	Percentile			
	96	97	98	99
Cancellations	181%	196%	222%	238%
Outgoing Primary Letters	172%	182%	197%	213%
DPS Letters	141%	143%	149%	155%

* Source: WebEOR FY 2010 for sites that had at least 50 days processing.
Peak factor calculated from Median Day. Median day is calculated excluding All holidays (including non-Monday), Tuesdays after a Monday holiday, and all Saturdays and Sundays.
[1+(percentile-median)/median]

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

PR/USPS-T3-46

Please refer to footnote 35 in your testimony. Please provide peak factors for the 96th, 97th, 98th, 99th percentile volumes for, outgoing primary, incoming primary, and incoming secondary for flats.

RESPONSE

**National
Peak Factor
Fiscal Year 2010**

	Percentile			
	96	97	98	99
Outgoing Primary Flats	159%	165%	176%	190%
Incoming Primary Flats	164%	169%	180%	193%
Incoming Secondary Flats	166%	171%	180%	191%

* Source: WebEOR FY 2010 for sites that had at least 50 days processing,
Peak factor calculated from Median Day. Median day is calculated excluding All holidays
(including non-Monday), Tuesdays after a Monday holiday, and all Saturdays and Sundays.
[1+(percentile-median)/median]

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO PRESIDING OFFICIER'S INFORMATION REQUEST NO. 6**

1. Please refer to library reference USPS-N2012-1/46, which contains analysis supporting the cost-per-square-foot estimates used in the LogicNet optimization model.
 - a. Please document all steps used to develop the vetted square footage in Worksheet 2 from "Per Piece Cost Regression" from the square footage data provided in Worksheet 1.
 - b. Please explain why the Postal Service used the cost-per-square-foot estimates developed using the vetted square footage data in Worksheet 2 from "Per Piece Cost Regression" as opposed to cost-per-square-foot estimates developed using the square footage data in Worksheet 1.
 - c. In "Operational Cost per Square Foot for Logicnet.xls" buildings are divided into the following three groups: (1) Buildings with square feet from 0 to 210,000, (2) Buildings with square feet from 210,000 to 450,000, and (3) Buildings with more than 450,000 square feet.
 - i. Please explain fully why the Postal Service selected this particular grouping of facilities.
 - ii. The 0 to 210,000 square feet grouping represents 73 percent of the sample, the 210,000 to 450,000 square feet grouping represents 23 percent of the sample, and the more than 450,000 square feet grouping represents 3 percent of the sample.
 - A. Please provide a regression that uses three groupings with equal sample sizes.
 - B. Please discuss the relative advantages and disadvantages of a regression that uses three groups with equal sample sizes as compared with a regression that uses three groups with unequal sample sizes.

RESPONSE:

Note: All equations used in LogicNet are in cells C48, C49, and C50. Thus, the questions below are all answered in reference to these cells.

- a. The square footage was developed from a series of USPS building surveys.
- b. After comparing the data, the USPS building surveys was deemed more accurate source of information. The sources in worksheet 1 often included more than useable workroom square footage.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

RESPONSE to QUESTION 1 (continued)

c. (i -ii) The range of square footage is approximately 730,000 SF. I suspect the categories were created to have an even spread of square footage and then adjusted to fit the natural breaks in the data. When dividing

(A) Regression per evenly distribute group

LOW

INTERCEPT 1,281,629

SLOPE 188

MEDIUM

INTERCEPT (1,555,278)

SLOPE 246

HIGH

INTERCEPT 19,658,948

SLOPE 160

(B) If one evenly distributes the observations per group, then the square footage range for "High" is 588,000 square feet. A 153,000 square foot facility does not have the same attributes as a 740,000 square foot building. As one can see in part (c)(ii)(A), the regression results for medium are counter-intuitive.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

2. Please refer to library reference USPS-N2012-1/46 "Operational Cost per Square Foot for Loginet.xls".
- a. Please confirm that the Postal Service identified the cost-per-square-foot for three facility sizes according to the process described below. If not confirmed, please explain.

Step 1	<p>Regress Total Cost on vetted square feet and vetted square feet² to identify the coefficients of the following regression equation:</p> $y = \alpha + \beta_1 x + \beta_2 x^2$ <p>Where y is the total cost per facility, and x is the vetted square footage. Then the Postal Service concludes that for all facilities, the average cost per square foot is β_1.</p>
Step 2	<p>Group Facilities according to size and identify the midpoint for each group to be the following:</p> $x_1 = 105,000 \quad x_2 = 330,000 \quad x_3 = 725,000$
Step 3	<p>Identify the slope, m, of the Total Cost Equation to be</p> $m = \frac{dy}{dx} = \beta_1 + 2 \times \beta_2 \times x$
Step 4	<p>Calculate the slope at each of the three midpoint sizes identified in Step 2 to be m_1, m_2, m_3</p>
Step 5	<p>Calculate the predicted total cost for each of x_1, x_2, x_3 according to the relationship identified in Step 1</p> $\bar{y}_i = \alpha + \beta_1 x_i + \beta_2 x_i^2$
Step 6	<p>Identify the equation of a line passing through point x_i by solving for b according to the following formula</p> $y = m_i x_i + b_i$ <p>Then b_i and m_i are reported in the equations identified in cells C42, C43, and C44</p>

- b. If confirmed, please explain the discrepancies shown in the table below between the constants, b_i , presented in cells C43 and C44 and the those calculated using the methodology outlined in Step 6.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

QUESTION 2 (continued)

Facility Size	Cells C43 and C44	Step 6 Calculations
210,000-450,000	8,391,559	8,685,184
450,000 - Max	39,320,059	44,940,259

- c. Please explain why the Postal Service did not identify the cost per square foot, m_i , by running the equation identified in Step 1 separately for each of the three facility groupings identified by the Postal Service.
- d. The table below presents the cost-per-square-foot, m_i , following the steps outlined in part (a) and part (c).

Facility Size	Part (a)	Part (c)
Min - 210,000	238.13	250.87
210,000-450,000	198.98	142.33
450,000 - Max	130.25	187.98

Please confirm the estimates for part (c), and discuss the difference in the relationship between facility size and cost-per-square-foot implied by the two methodologies, paying particular attention to the fact that the estimates are monotonically decreasing using the methodology outlined in part (a), but are not monotonically decreasing using the methodology in part (c).

RESPONSE:

- (a) Not confirmed. Steps 2 – 4 are confirmed. Step 1 states "Then the Postal Service concludes that for all facilities, the average cost per square foot is". The derivative of the function evaluated at the midpoint is the marginal (or average) cost. Step 5 was only used for the *Low Volume* group. To calculate *Medium* and *High* Groups the methodology was adjusted to use the group breakpoints:

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

RESPONSE to QUESTION 2 (continued)

- i. Calculate Y at break point
 - ii. Calculate Slope at break point
 - iii. Calculate the difference between Y and Slope*BreakPoint
 - iv. For Medium (High), calculate the Cost using the low (medium) cost function at break point
 - v. Take the difference of step (iv) and break point times slope calculated in Step 4, as defined by interrogatory
- (b) Not applicable.
- (c) The intercept was defined individually by group in order to create a continuous operational cost function. The methodology used has the equation for operation cost for the low group equal the operation cost of the medium group at the break point of 210,000. Similarly the operation cost of the medium group equals the operational cost of the high group at the break point of 450,000.
- (d) See response to part (c).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROSENBERG
TO QUESTION POSED AT HEARINGS**

Tr. Vol. 4 at 1489-90

Question: Under the current mail processing network, what is the maximum distance that 3-digit workload is moved?

RESPONSE

Based on the current L005 label list, within the contiguous 48 states, the farthest distance from the centroid of a 3-digit ZIP Code area to the Sectional Center Facility that serves it is 330 miles.

N2012-1

United States Postal Service

**Marc A. Smith
(USPS-T-9)**

**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 \$~~2.12~~ billion. This should be compared with the gross savings of \$~~2.56~~ 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	Source
	Thousands of Dollars)		
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	\$335,319		USPS-T-9, Table 3
Building Maintenance and Custodial Savings	\$206,661		USPS-T-9, Table 5
Total of Above	\$665,557		
Service-Wide Benefits	\$74,235		
Total Maintenance and Vehicle Driver Labor Cost Savings	\$739,791		
Total Labor Savings Due to Reduction of Complement	\$2,122,933		

*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.

**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**
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Maintenance and Vehicle Driver Labor Savings

PVS Driver Savings	\$123,577	USPS-T-10, page 35
Mail Processing Equipment Maintenance Savings	\$335,319	USPS-T-9, Table 3
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Total of Above	\$665,557	
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**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.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 7
REDIRECTED FROM WITNES NERI**

2. In response to POIR No. 1, question 16(b), the Postal Service provided library reference USPS-LR-N2012-1/NP10, which contains disaggregated FY2010 MODS data. Please provide the same data for FY2011.

RESPONSE:

The requested data are provided in nonpublic library reference USPS-LR-N2012-1/NP22. A corresponding public version of the data is contained in library reference USPS-LR-N2012-1/86.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO
QUESTION POSED DURING MARCH 23, 2012, ORAL CROSS-EXAMINATION

Tr. Vol. 5 at 1724-1726

Question:

Table 2 of your testimony calculates the miscellaneous postal supplies and services factor. In addition, the table relies on data in Attachment 3. Can you please provide sources and the calculations used to develop the figures in Attachment 3? In particular, it is unclear what is contained in the categories Miscellaneous Postal Supplies and Services of approximately \$91 million and Total Current Network Labor Costs Comp 527 of \$11 billion.

RESPONSE:

The attached spreadsheet ("Attachment.3.Calculations.xls") shows the steps taken to obtain the data in Attachment 3 and Table 2 as well. The first tab, "2010 Costs by Acc & Fac Status," summarizes the expenses for all Function 1 processing facilities by Expense Account Number and by Facility Status (Y, N, NDC, REC and ISC). The source data for this tab is contained in USPS-LR-N2012-1/58; the preface of that library reference describes this data. This data is the National Consolidated Trial Balance FY2010 costs for the mail processing facilities that are the focus of the network analysis, containing costs by finance number for each separate facility. (See also the Revised Response of the United States Postal Service to Question 22 of Presiding Officer's Information Request No. 1, filed on March 16, 2012, at pages 21-22.)

The second tab, "Cost by Seg & Comp & Account," starts with data from tab one and assigns the cost segment and component number for each account number as is done for the General Ledger costs to develop Trial Balance costs (See Docket No. ACR2010, USPS-FY10-5). This is done for three facility groupings: All processing facilities, Active Facilities (Facility Status = Y), and Inactive Facilities (Facility Status = N). In columns G to J, costs by account number for Facility Status = Y are as listed in

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH TO
QUESTION POSED DURING MARCH 23, 2012, ORAL CROSS-EXAMINATION

tab one, with the cost segment and component number appended. The same is true for the Facility Status = N in columns M to P of the second tab. Columns A to D of the second tab is a summation of costs by account number for all processing facilities (combining the costs for all Facility Status), and then also appending the cost segment and component.

The third tab, "Active Facilities," and the fourth tab, "Inactive Facilities," are pivot tables summarizing the cost by cost segment and component based on the second tab data for Active Facilities and Inactive Facilities, respectively. The last tab, "Data for Attachmt 3," takes the costs from tabs three and four and sums them to get the last column or "Total Column" shown on this tab, which is the data contained in Attachment 3.

The Miscellaneous Postal Supplies and Services costs of \$91,923,418 in Table 2 of USPS-T-9 is from Attachment 3, on the last tab, in the row Cost Segment 16, Component 177, Total postal supplies & services for the "Total" column. Total Current Network Labor costs (comp 527) of \$11,764,388,784 in Table 2 is the sum of the Postal Service personnel costs for cost segments 1-12 for the "Total" column (see row 107 of the last tab). The last tab also provides costs for Inactive facilities for use in developing costs in Table 6 of USPS-T-9. These are: Utilities (\$71,843,026), Heating Fuel (\$6,464,351) and Custodial Supplies and Services (\$18,710,721).

N2012-1

United States Postal Service

**Gregory M. Whiteman
(USPS-T-12)**

RESPONSE OF WITNESS WHITEMAN TO QUESTION RAISED DURING
ORAL CROSS-EXAMINATION

Tr. V3/807-10 Period Of Performance or Timeline for Phase 1 Market Research

RESPONSE:

Part 1:

The Postal Service has a basic ordering agreement with various market research firms, including ORC International (ORC). When we discussed this contract with ORC, the original plan was to move quickly and complete both quantitative and qualitative analyses in five weeks. The statement of work (SOW) for what has become known as the Phase 1 market research¹ established a series of goals measured in days from the date the contract was awarded. Separate schedules were provided for quantitative versus qualitative research, which were pursued in parallel.

In the SOW the period of performance was defined in terms of days after the contract award, as shown below. However, given the need for timely execution of the research, we proceeded to initiate work with ORC on July 22 before the

¹ The Phase 1 market research had both qualitative and quantitative components, conducted in parallel on an aggressive schedule. The concept statement used in Phase 1 identified the full range of possible strategies the Postal Service has announced are under consideration as ways of addressing its financial situation. See, e.g., library reference USPS-LR-N2012-1/70 (Large Commercial Accounts questionnaire, p. 11). The Postal Service became worried during Phase 1 that participants and respondents were responding to the broad concept statement rather than the intended focus—changes in First-Class Mail service standards (Tr. 616-17)—with the result that substantial variance was introduced into the quantitative work from which the specific impact of changes to First-Class Mail service standards could not be discerned. Tr. 676, lines 12-25; 681-82, 733. [This last citation is to the designated response of witness Whiteman to DFC/USPS-T12-9; since the transcript is missing the second page of that response, the full question and response are attached here.] While the qualitative market research from Phase 1 could be utilized because moderators/interviewers were able to refocus participants attention back upon their responses to changes in First-Class Mail service standards, no tool for correcting focus existed in the quantitative research design. Tr. 883-84. Hence when preliminary quantitative results seemingly confirmed that respondents were also not focused exclusively upon changes in First-Class Mail service standards, the need for a better focused concept statement in Phase 2 of the research was recognized (Tr. 865-68) and commenced “within a one to two week timeline after we had presented ... preliminary results.” Tr. 648.

RESPONSE OF WITNESS WHITEMAN TO QUESTION RAISED DURING
ORAL CROSS-EXAMINATION

actual contract was concluded. Thus, the original statement specified that the qualitative and quantitative research would be completed in five work weeks, or by the end of August. Five additional work days were then allowed for the completion of testimony. Below is the SOW section of the work schedule.

Period Of Performance

The key factor in the scheduling of this project is that the due date for the qualitative report and the data tabulation from the quantitative research is September 1. Therefore, we will start both the qualitative and quantitative research at the same time.

Key timing after contract award is:

	<u>Work days</u>
<u>Qualitative Research</u>	
Telecon to initiate the project	2
Develop Recruitment Screener and Discussion Guide	5
Complete groups/IDIs	20
Completion of report	25
<u>Quantitative Research</u>	
Telecon to initiate the project	2
Develop sampling plan	5
Revise questionnaire	5
Complete field interviewing	20
Prepare data tabulations	25
Write testimony	30

Part 2:

Witness Elmore-Yalch has also provided me with her understanding, in the form of a chart, for how the schedule and actual events converged. While it largely conforms with information provided above (including footnote 1), I am also making her chart available since this issue has drawn attention.

RESPONSE OF WITNESS WHITEMAN TO QUESTION RAISED DURING
ORAL CROSS-EXAMINATION

Schedule

Task	Date
Statement of Work Issued	7/10/2011
Contract Approval / Notice to Proceed	7/22/2011
Data Collection	8/5/2011 – 9/13/2011
Preliminary Forecasts Provided	10/7/2011
Statement of Work Issued – Phase 2	10/19/2011
Contract Approval / Notice to Proceed	10/20/2011
Data Collection	10/26/2011 – 11/8/2011
Final Forecasts Provided	11/22/2011

RESPONSE OF WITNESS WHITEMAN TO QUESTION RAISED DURING
ORAL CROSS-EXAMINATION

Tr. V3/814-16 COST OVERLAP BETWEEN PHASE 1 AND PHASE 2
[Illustrative discussion from transcript]

CHAIRMAN GOLDWAY: Does their record include how much of funds were still available from Phase I to be allocated to Phase II? I think the question is –

MS. WOOD: That's exactly --

THE WITNESS: Yes, we didn't -- I mean, we didn't ask for that. We knew how much was still available, and so when they gave us a revised funding, that included the fact that there was still money available to fund the additional work.

CHAIRMAN GOLDWAY: Well, then how much was available?

THE WITNESS: Well, I don't have that information, you know, available right now.

CHAIRMAN GOLDWAY: I think we could use that information as to how much was available and get a better sense of how much of the work was completed in the contract.

RESPONSE:

My responses during oral cross-examination were based on two things:

- 1) earlier in that day's testimony, witness Elmore-Yalch indicated from the witness stand that data processing costs had been less than expected; and
- 2) my understanding of the approximate total invoice value the Postal Service had processed from ORC International (ORC) and paid for Phase 1 of the research compared to the total fixed price amount set by the contract. Had I attempted a guesstimate at that time, it would have been that perhaps as much as five percent of the overall contractual amount had not been spent. The transition between research for Phase 1 and Phase 2 was, however, quick; moreover, as I explain, identification of particular expenses as being in Phase 1, as distinguished from Phase 2, is neither easy nor particularly constructive.

RESPONSE OF WITNESS WHITEMAN TO QUESTION RAISED DURING
ORAL CROSS-EXAMINATION

Since my appearance for cross-examination, I have taken time to consult with ORC and examine my records on this question, which has improved my understanding. Work had been completed by the time we transitioned to Phase 2 that had yet to be invoiced to the Postal Service. In general terms from ORC's perspective, ORC had incurred costs less than planned for data processing, but greater than planned for design and programming of the questionnaires and data collection. (These changes from planned cost incursion were not brought out on witness Elmore-Yalch's oral cross-examination, so I was unaware of them during my appearance on the witness stand.)

My understanding now is that, had ORC invoiced the Postal Service for all of its justified work on the contract and the Postal Service had made payment, little to no money from Phase 1 would have remained. By answering this "homework" question after getting additional information, I am now better informed. However, additional information does not entirely forestall possible speculation, since decisions by ORC regarding what it might have invoiced, when approaching the limit for a fixed price contract, never actually had to be answered.

A further potential complication necessitated by the quick switch to Phase 2 arose from the fact that some of the work undertaken for the quantitative part of Phase 1 (the qualitative part of Phase 1 was utilized completely in the market research testimony and in this docket), such as the questionnaire design, some programming of the questionnaires, the general sampling plan, computation of the forecasts, *etc.* – most of section 6 within USPS-T-11, could be utilized in

RESPONSE OF WITNESS WHITEMAN TO QUESTION RAISED DURING
ORAL CROSS-EXAMINATION

Phase 2 with modest updates. The estimate of costs provided by ORC for Phase 2 took into account these efficiencies.

While I was not fully aware of how far ORC had gotten with every element of the planned Phase 1 (although I did receive a first set of preliminary estimates), ORC had complete knowledge of where it stood when it was asked to estimate costs for a Phase 2. ORC knew precisely what work had been done, and—at least better than I did—what could be reused and which required modification or supplantation for the Phase 2 examination of a narrower concept statement that focused exclusively upon volume changes driven by First-Class Mail service standards changes. The back and forth between the Postal Service and ORC quickly arrived at an agreed upon fixed price for Phase 2. But the estimate was based on a firm and shared understanding that Phase 2 would resemble Phase 1 in many respects except for the narrowed concept statement.

The divergence between witness Elmore-Yalch's and my total knowledge of what costs had already been incurred, what had yet to be invoiced, and which work could be used in Phase 2, explains why, in the Postal Service's discussions with ORC to develop an estimate for Phase 2 that assumed an immediate transition to Phase 2 and abandonment of Phase 1 quantitative research, I thought more of the Phase 1 money was available for Phase 2 than actually proved to be true. The Postal Service focus was upon price for and timely completion of Phase 2. We are gratified by ORC's rapid transition.

RESPONSE OF WITNESS WHITEMAN TO QUESTION RAISED DURING
ORAL CROSS-EXAMINATION

Notwithstanding my understanding that little to no funds remained from Phase 1 for use in Phase 2, witness Elmore-Yalch estimates that using the existing sample plan and some of the questionnaire resulted in a cost for Phase 2 that was lower by over \$40,000 than it would have been if ORC International had started the study from scratch. Since she is looking at this question based on a perspective somewhat different from my own, I believe both estimates are reasonable.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS WHITEMAN TO CARLSON INTERROGATORY

DFC/USPS-T12-9. Please provide all documents not already filed in this docket that relate to market research of any type that the Postal Service or its contractors conducted during 2010 or 2011 that was designed to (1) provide insight into mailer or public reaction to the combined effects of changes in service standards and any other service changes or reductions, initiatives, or internal or external factors, (2) estimate volume or revenue effects of changes in service standards combined with any other service change or reduction, initiative, or internal or external factor, or (3) otherwise inform the Postal Service about possible or likely consequences of the combined effects of changes in service standards and any other service change or reduction, initiative, or internal or external factor. This interrogatory specifically encompasses, and is not limited to, questions that the Postal Service asked mailers or other members of the public, materials relating to the conduct of focus groups, and results, conclusions, recommendations, and findings of any market research.

RESPONSE:

As various responses to other interrogatories in this set indicate, the Postal Service conducted another round of market research that addressed, at least in part, customer response to changes in service standards.

Documentation of that research will be filed in library references USPS-LR-N2012-1/70 and USPS-LR-N2012-1/NP14.

That research examined a much broader group of changes the Postal Service has examined as plausible responses to the financial challenges it faces. Indeed, the research framed its inquiry by starting with the financial challenge and identifying its sources and possible changes. As such, it encompassed declining mail volume, budget deficits past and expected in the near future, and the unsustainability of current service levels together with changes such as legislative action affecting prepayment of health and pension benefits, eliminating Saturday mail delivery to homes and businesses, closing many small Post Offices, shifting patterns of retail access to emphasize alternative locations and channels, and also service standards changes. That research thus assessed

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS WHITEMAN TO CARLSON INTERROGATORY

customer reaction to the sum of responses to its current situation that the Postal Service has considered.

In short order, the Postal Service plans to file two documents summarizing this research and its results. USPS-LR-N2012-1/70 will thus contain a chart summarizing the results in a form that is comparable to Chart 1 of my testimony, USPS-T-12, at 22. USPS-LR-N2012-1/NP14 will contain a file analogous to "Network Rationalization Volume Revenue Contribution Loss-FInal2.xls."¹

¹ Counsel informs me that the corrections to this file signaled in my responses in Presiding Officer's Information Request No. 2, questions 17-19, together with another set of correction affecting additional cells that I discovered when answering those questions, should soon be filed.

N2012-1

United States Postal Service

**David Williams
(USPS-T-1)**

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

APWU/USPS-T1-32 Page 25 of your testimony indicates that no changes will occur to service standards for Standard Mail and Package Services. Does this mean that the parcel subcategories of mail within Standard Mail and Package Services will also experience no change in service standards?

RESPONSE

There will be no changes to the service standard day ranges, but there may be some changes to the expected delivery day within each range applicable to individual 3-digit ZIP Code pairs as detailed in my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS TO AMERICAN POSTAL WORKERS UNION INTERROGATORY

APWU/USPS-T1-33 Page 25 of your testimony also states that no service standard changes for Standard Mail and Package Services will occur "except for 3-digit zip to 3-digit zip changes based on reconfiguration of the network." Please identify the changes that will occur due to reconfiguration of the network.

- a) Will these changes specifically affect the parcel sub-categories in both of these classes of mail products?
- b) What percentage of total mail volume and specifically each parcel subcategory will have a service standard change due to reconfiguration of the network?
- c) How are these changes to the service standards of standard mail parcels and package mail parcels different from the changes in service standards for periodicals?

RESPONSE

- a. Yes.
- b. The expectation is this will be limited, the business rules are not changing; dropship service standards are not changing. The change will be to some end-to-end ZIP Code pairs. For the package services category, the following distributions may occur. The Postal Service does not have accurate volume distribution to estimate impacts to Standard Mail parcels. Based on the information for Package Services, the Postal Service has no reason to believe there would be dramatically different results for Standard Mail parcels.

Current:					Potential:			
cpkg	Bound Printed Matter Flats	Bound Printed Matter Parcels	Media Mail/Library	Parcel Post	Bound Printed Matter Flats	Bound Printed Matter Parcels	Media Mail/Library	Parcel Post
2	10.67%	29.57%	4.94%	9.26%	14.73%	35.40%	7.37%	12.36%
3	12.25%	12.48%	9.22%	9.83%	8.38%	6.99%	7.01%	6.90%
4	0.56%	0.81%	0.79%	1.18%	0.44%	0.55%	0.52%	0.81%
5	34.08%	29.61%	30.94%	24.56%	33.01%	29.57%	30.94%	24.58%
6	28.90%	17.29%	30.86%	31.85%	30.07%	17.28%	30.81%	31.85%
7	12.32%	9.59%	21.30%	19.87%	12.14%	9.56%	21.28%	19.76%
8	1.23%	0.65%	1.95%	3.44%	1.23%	0.65%	2.07%	3.74%

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

RESPONSE to APWU/USPS-T1-33 (continued)

- c. They are similar. As described in the proposed rule, the only change for Periodicals relates to the entry time requirements for next day service, the remaining business rules will stay the same. Individual ZIP Code pairs would change based on the reassignment of ZIP codes to facilities. These potential service standards were filed in USPS Library Reference N2012-1/8.

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

APWU/USPS-T1-34 Page 26 of your testimony states that “[t]he Postal Service will continue to provide a 1-3 day Priority Mail service after network consolidation is implemented,” and that it will also “continue to provide overnight Express Mail service.” Your testimony further states that for both Priority Mail and Express Mail, “[t]he standards from each origin zone to the remainder of the country will be defined by the capability of the realigned mail processing network.”

- a) What will be the impact of the realigned network on the service standards of these competitive products?
 - i. What percentage of Express Mail volume is currently delivered in one day? How will this change under the realigned network?
 - ii. What percentage of Priority Mail volume is currently delivered in one day? In two days? In 3 days? In more than three days? What will these figures be under the realigned network?
- b) What is the anticipated impact on the parcel components of these competitive products?
 - i. What percentage of Express Mail parcel volume is currently delivered in one day? How will this change under the realigned network?
 - ii. What percentage of Priority Mail parcel volume is currently delivered in one day? In two days? In 3 days? In more than three days? What will these figures be under the realigned network?
- c) What percentage of Priority Mail and Express Mail respectively, will experience a downgrade in actual service time due to the network realignment?
- d) Will Priority Mail and Express Mail require product specific transportation after network realignment?

RESPONSE

- a. The service standard day ranges are not changing. However, network changes may result in changes in the expected delivery day within each range for specific origin-destination ZIP Code pairs. Now that almost all facility-specific consolidation determinations have been made, the Postal Service is currently evaluating new service areas and assessing any potential changes required for Express Mail and Priority Mail service standards.

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

RESPONSE APWU/USPS-T1-34 (continued)

- i-ii. The Postal Service is not required to report Express Mail or Priority Mail service performance. Even when it completes realignment of ZIP Code pair service standards as referenced in response to part (a) above, the Postal Service will still not be able to predict the percentage of mail within each product that will be delivered within its applicable service standard in the future.
- b. See the response to part a above. The Postal Service cannot predict the percentage of parcel-shaped mail within each product that will be delivered within its applicable service standard in the future.
- c. The Postal Service is not able to predict the percentage of Express Mail or Priority Mail that will experience more time in transit between origin and destination in the new network compared to the current network.
- d. [Redirected to witness Martin for response].

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

APWU/USPS-T1-35 Given that mail processing facilities will be closed as a result of this current proposal, there will be increased distances and longer transit times among plants. Based on these farther distances and longer transit times, what will be the changes to CET times and processing schedules due to the plant realignment changes?

- a) How much will costs increase if the current CET times and Clearance Times (CT) are maintained just for Priority Mail and Express Mail products?
- b) How will this affect service standards?

RESPONSE

- a. The Postal Service does not anticipate changes to the current CET and Clearance times for Priority Mail and Express Mail products. Cost analysis is outside the scope of my testimony. I am not aware of any analysis that attempts to measure whether costs increase as a result of maintaining current CETs and CTs instead of changing them.
- b. The applicability of clearance times for the most part affects the choice of transportation mode between points. The Postal Service intends to continue to process Priority mail volumes after FedEx arrival at facilities and then transport to the delivery units for delivery. In some instances, there may be some changes based on the capability of the mail processing network. That is currently under evaluation based on the February 23 decisions.

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

APWU/USPS-T1-43 In reference to the analysis that is presented in USPS-LR-N2012-1/47, you state in your response to GCA/USPS-T1-1 that the "analysis performed suggested the savings potential from maintaining some level of overnight service standards, with some relaxation of overnight relationships was not as great as the proposed change."

- a) Was there a target savings from the network consolidation that determined which service standards scenarios would be considered and which ones would not be considered? If so, what was that dollar value?
- b) Witness Rosenberg has stated that her modeling effort was not an optimization of the network. If a dollar savings goal was not established and there was not a specific optimization goal, what factors were used to determine how much change in the service standards was acceptable?
- c) What level of overnight service was available for each of the scenarios presented in USPS-LR-N2012-1/47?

RESPONSE

- (a) No.
- (b) Taking into account all service obligations, we sought to align our mail processing network to the workload requirements.
- (c) This level of analysis was not completed.

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

APWU/USPS-T1-46 In its February 23, 2012 press kit, the Postal Service states that it has determined that it is feasible to consolidate 183 of the 212 facilities that underwent the AMP process under this initiative.

- a) When will the AMPs for those facilities be provided to the Commission?
- b) What is the AMP determined dollar value of savings estimated for those 183 facilities?
- c) Is the estimate of \$2.1 billion in savings that is presented in the press kit calculated from the AMPs or did that number come from witness Bradley's high level analysis?

RESPONSE

- (a) See USPS Library References N2012-1/73 and NP16.
- (b-c) The AMPs estimated approximately \$1 billion in savings associated with those facilities studied in the AMP process. Witness Bradley and Witness Smith's more comprehensive network analysis formed the basis for the estimate of \$2.1 billion. See the response to APWU-T1-26 for further discussion on the cost savings estimates.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DAVID WILLIAMS
TO NATIONAL NEWSPAPER ASSOCIATION**

Revised: March 20, 2012

NNA/USPS-T1-1

Please refer to your response to GCA/USPS T1-1, where you stated:
"The Critical Entry Times (CETs) for Periodicals Flats were modified to conform the service standard requirement of this mail class with the processing requirements in an Flats Sequencing System (FSS) environment in May of 2011."

- a. Is the intention to sort Periodicals Flats on FSS machines the sole driving factor in changes in CETs? If not, please list other factors.
- b. Do transportation schedules also affect CETs?
- c. Are you aware of any facilities where newspaper Periodicals or Standard mail is sorted on the FSS machines? If so, please list the facilities.

RESPONSE

- a. No, the driving factor that led to the changes in CETs was to align process capability to the required bundle and piece processing of flat volume.
- b. They may.
- c. All FSS sites process automation-compatible Periodicals and Standard. If the volumes you are referencing in your question are automation compatible they will be sorted on FSS machines.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-T1-5

Please refer to page 5 of your testimony where you describe the objective of the modeling exercise as "to determine whether excess capacity could be reduced significantly within the network if service obligations and operating constraints driven by current overnight First-Class Mail service standards were changed."

- a. Why was this modeling exercise directed at assessing the cost consequences of service standards reductions for First Class Mail?
- b. Have similar analyses of the potential for cost reductions been directed at other mail classes?
- c. If yes, which other mail classes?

RESPONSE

- a. The driver of network capacity is the First-Class Mail overnight service standard. Such service standard dictates when DPS processing can occur, and constrains the operating windows leading to equipment requirements, facility requirements and labor requirements.
- b. No.
- c. N/A

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-T-1-6

Please refer to page 10 of your testimony where you state that, of the 251 Processing and Distribution Centers/Facilities, some 200 of those centers will remain. Please provide data on the mix of mail handled by centers/facilities that are staying open versus those that are closing. If final selection of locations to close has not yet determined; please provide the data for a likely or representative set of plants likely to remain open and plants likely to be closed.

RESPONSE

The numbers have been adjusted based on the February 23 consolidation decisions. Based on MODS workload, the percentage across operations is as follows in the consolidated sites, versus the non-consolidated sites:

Shape	Non-Consolidated Site	Consolidated Site
Letter	90.9%	92.6%
Flats	6.9%	6.0%
Parcel / Pri / Bundle	2.2%	1.4%

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

2. Please discuss how the revised service standards under the Postal Service proposal will achieve the objectives of 39 U.S.C. § 3691(b)(1), and how the Postal Service took into account the factors of 39 U.S.C. § 3691(c) in the revision of the service standards. Please include references to further discussion of these objectives and factors where they appear in the Postal Service's Request and testimony, as appropriate.

RESPONSE

The Postal Service initiated a notice and comment rulemaking (76 *Fed. Reg.* 77942, December 15, 2011) in which it proposed changes to the service standards, in 39 C.F.R. § 121, that form the core of the service changes under review in this docket. I am not a lawyer, but I have been aware from the outset of this initiative that title 39 of the United States Code directs the Postal Service to maintain market dominant service standards designed to achieve certain objectives listed in section 3691(b), after taking into account various considerations listed in section 3691(c), other policies in title 39 and such other factors as it deems appropriate. The rulemaking comment period concluded on February 13, 2012. The Postal Service currently is analyzing the comments received in that rulemaking and expects to publish a Federal Register notice by mid-April that:

- (1) announces changes to the service standards in 39 C.F.R. § 121;
- (2) summarizes its review of the considerations listed in section 3691(c);
- (3) identifies any changes to 39 C.F.R. §121 that it intends to adopt;
- (4) explains how the resulting service standards are designed to achieve the objectives of section 3691(b); and
- (5) specifies the date on which any changes will be implemented.

It bears emphasizing that the rulemaking deliberation process is ongoing and that service standard changes that may ultimately emerge at the conclusion of the rulemaking have not yet been determined. In that sense it is too early to answer this question definitively as the process is still unfolding.

As summarized below, the objectives and factors listed in section 3691 influenced the development of the service standard changes proposed in the rulemaking that also are under review in this docket. The Postal Service developed the proposed rules after consideration of comments received in response to the September 21, 2011 Advance Notice of Proposed Rulemaking (76 *Fed. Reg.* 58433), as well as the market research underlying the testimony by witness Elmore-Yalch (USPS-T-11) and the volume impact analysis presented by witness Whiteman (USPS-T-12).

3691(c)(1-3): Actual level of service that Postal Service customers receive, degree of customer satisfaction, customer needs.

The Postal Service utilizes measurement systems reviewed and approved by the Commission in previous dockets to monitor constantly the level of service it provides to customers who use its market dominant products. The Postal Service also monitors service standard achievement levels constantly as measured by various systems designed for those purposes, and took into account past service standard achievement while determining the service standard revisions that it would propose in the current rulemaking. The Postal Service also measures customer satisfaction and reviewed that available data as it developed the service standard proposals in the rulemaking.

Before initiating the current rulemaking, the Postal Service solicited general public comment regarding the prospect of service standard changes in the aforementioned September 2011 Advance Notice of Proposed Rulemaking.

The Postal Service commissioned extensive market research to gauge household and business mailer reaction to the service changes under review in this docket. See USPS-T-11 and USPS-T-12. In addition, the Postal Service informally solicited feedback from mailing industry representatives. USPS-T-13 at 4. To the extent that the information gathered through these processes sheds light on the needs of postal customers, including those with physical impairments, it was considered during the development of the proposed rules.

3691(c)(4, 6): Mail volume and revenues projected for future years; current and projected future cost of serving Postal Service customers.

As reflected at pages 2-10 of USPS-T-2, the Postal Service considered mail volume and revenues projected for future years in determining to pursue the operational changes underlying the service standard changes under review. Changes in technology, demographics and population affect the use of the mails in ways that contribute to the sharp decline in overall mail volume experienced over the past five years and projected to continue into the future. This has contributed to revenue declines that continue to outpace cost reductions significantly, requiring the Postal Service to explore ways, even changes in service, that bend the cost curve more in the direction of declining revenue. USPS-T-2.

3691(c)(5): Projected growth in the number of addresses the Postal Service will serve in future years.

Although no changes to the manner of delivery service are proposed, continuing growth in the number of delivery points is a consistent phenomenon that requires constant attention by postal management. The steady increase in delivery points over time has an impact on overall postal operating costs and exacerbates the gap between overall costs and revenues, increasing the pressure to examine measures that can help to close that gap, including the initiative under review in this docket.

3691(c)(7): Effect of changes in technology, demographics, and population distribution on efficient and reliable operation of the postal system.

The service standard changes under consideration in the rulemaking are motivated by the urgent need to ensure that the Postal Service operates more efficiently and moves in the direction of financial stability sufficiently to ensure that it can provide service in a reliable manner. Current mail processing network nodes were established over many decades in response to mail volume growth that was driven by local demographic and population trends, even as mail processing technology evolved to become very efficient. Because First-Class Mail volumes have since declined, the Postal Service now has considerable excess mail processing capacity, a condition which will persist under current service standards. USPS-T-1 at 4-5.

3691(c)(8): Other polices of title 39

3661(a) -- adequate and efficient service

Before proposing service standard changes in December 2011, the Postal Service was mindful that significant network consolidation could result in more efficient

service, but that the remaining service still had to be adequate, as required by section 3661(a). The Postal Service is reviewing the comments received in the ongoing rulemaking to ensure that its final decisions result in adequate service, given its intent to make operational changes that significantly reduce costs.

403(c) -- undue discrimination

The proposed service standards introduce a distinction between Single-Piece and Presorted First-Class Mail, preserving an overnight service standard for some intra-Sectional Center Facility Presort but not for any Single-Piece. Putting aside that some Presort and Single-Piece not subject to an overnight standard will still experience overnight delivery in the future network, USPS-T-1 and USPS-T-4 explain that the plan to initiate Delivery Point Sequencing much earlier than is currently the case and the planned continuation of existing single-piece collection mail policies will constrain the Postal Service's ability to induct Single-Piece mail into DPS processing in the future network in time for delivery the day after it enters the mail stream. The resulting distinction between some intra-SCF Presort and all Single-Piece intra-SCF First-Class Mail in the proposed future network has a compelling and reasonable operational basis, consistent with the requirement that discrimination not be unreasonable or undue. The proposed changes in Periodicals service standards are consistent with the logical policy that such mail not be given preference over First-Class Mail. USPS-T-1 at 22. Other changes to service standards for Periodicals and Standard Mail to and from origins and destinations not within the contiguous United States are intended to be more consistent with applicable surface and air transportation realities. *Id.* at 27.

403(b)(3) -- ready access

Mail processing plants are not a principal source of induction for single-piece First-Class Mail into the postal system. The proposed elimination of mail processing operations at more than 200 of them is an efficient and economical measure, but is not expected to affect access to retail services currently provided at those locations, meaning that customers will continue to have approximately 30,000 locations at which mail can readily be inducted, at which Post Office Box units would be located, and at which other retail services would be readily available. The proposed post-consolidation policy of continuing to operate Business Mail Entry Units at their current locations or in close proximity thereto (USPS-T-7 at 4) will minimize the changes in mail induction that bulk mailers will experience in the future network. Accordingly, the proposed changes reflect consideration of the obligation to preserve ready access to service.

101(e-f) -- overnight delivery of important letter mail

The Postal Service established Express Mail and redesigned Priority Mail to include lighter-weight and letter-shaped pieces, to create channels for the most expeditious delivery of letters that senders value as important relative to regular letters. The Postal Service is proposing to preserve overnight delivery as a feature of Express Mail and Priority Mail, which will be supplemented by an overnight delivery standard for some Presort First-Class Mail. Under the proposed service changes, a range of options for expeditious delivery of letters that senders deem important will continue.

101(f) --prompt and economical transportation

USPS-T-6 explains how the Postal Service has considered promptness and economy in determining the transportation modes that will be utilized to pursue achievement of proposed service standards. Express Mail and Priority Mail By not changing the Express Mail and Priority Mail service standard day ranges, and preserving an overnight delivery standard for some First-Class Mail, the proposed service standard changes are consistent with the requirement in section 101(e) that the most expeditious collection, transportation and delivery be made available for important letter mail.

101(b) -- rural customers

The proposed changes do not distinguish among customers based on whether they reside in rural areas, communities and small towns, or whether their local Post Office is self-sustaining, thereby preserving effective and regular service to such areas.

101(a) -- Promptness, efficiency and binding the nation together

Promptness, reliability and efficiency of service were considered in determining the nature of the proposed service standard changes. The Postal Service believes that the proposed changes promote efficiency and preserve a range of service options that reflect varying levels of promptness designed to meet the general needs of the mailing public overall. In considering what changes to propose, the Postal Service also was mindful of its obligation to bind the nation together through its various types of written

correspondence. All of its current delivery service options will continue to be available in the new network to accomplish that goal.

3691(b)(1)(D) and (b)(2): Service measurement

Previous Postal Regulatory Commission dockets have resulted in the development of a system of market-dominant product performance measurement systems. Changes to those systems are not at issue in this docket.

3691(b)(1)(C): Frequency, reliability and speed

The proposed service standard changes do not affect delivery frequency or reliability. The service standard changes that emerge for specific ZIP Code pairs will affect speed of delivery for certain products, as measured in terms of time in transit from origin to destination. The proposed standards thus reflect reasonable levels of speed that, in keeping with best business practices, strike a balance between responsiveness to customer preferences and the need to control costs that affect prices customers are willing or required to pay.

3691(b)(1)(B): Rural access

The proposed service standards changes are universal in their application and, in and of themselves, would not diminish access to postal services in any communities, rural or otherwise.

3691(b)(1)(A): Value of service

A proposal to implement an operational and service standard change resulting in slower delivery can be understood as enhancing the value of a service, when that change, if implemented, contributes to the financial stability of the service provider, helps to reduce its long-term costs, and improves its ability to operate and reliably provide service in the future.

As it considers the public comments responding to the service standard changes proposed in its December 15, 2011 *Federal Register* notice, the Postal Service will reflect upon these factors and objectives in determining what changes to 39 C.F.R. § 121 to announce and implement.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO QUESTION POSED DURING MARCH 20, 2012 CROSS-EXAMINATION**

Tr. Vol. 2 at 277

How many days are there between notification by the Postal Service of labeling list changes and the date by which the Postal Service expects the mailing industry to change their systems?

RESPONSE

Currently, the grace period is 75 days from when the changes are published to when they must comply with the new distribution separations. In 2013 and beyond, the grace period concept will be changed. Beginning next year, mailers will have a 15 day notification period of upcoming changes and will have 30 days to either use the old or the new labeling list for when making distribution separations.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO QUESTION POSED DURING MARCH 20, 2012 CROSS-EXAMINATION**

Tr. Vol. 2 at 294

Whether it's coming from an outside source or an inside source, please provide data that give us an idea of how often periodicals are delivered on time.

RESPONSE

Please review the data in the Periodicals Zip file that accompanied the Postal Service's November 10, 2011 filing of FY 2011 Q4 Service Performance Results.

The document can be accessed via the Daily Listing function for that date on the Commission's website.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO QUESTION POSED DURING MARCH 20, 2012 CROSS-EXAMINATION**

Tr. Vol. 2 at 420

Question:

What percentage of parcels are delivered now in the upper limit of the proposed service standard day ranges being proposed for noncontiguous areas?

RESPONSE

I am informed that these parcels represent 0.002 percent of systemwide mail volume and 0.213 percent of volume destined for addresses outside of the contiguous 48 states.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO QUESTION POSED DURING MARCH 20, 2012 CROSS-EXAMINATION**

Tr. Vol. 2 at 422

Question:

Could you please provide a summary of the AMP results?

RESPONSE

Please see the attached spreadsheet for a summary of the cost estimates generated by the facility consolidation studies announced on February 23, 2012. The following observations, in conjunction with my response to interrogatory APWU/USPS-T1-26, are intended to shed additional light on why an aggregation of facility consolidation study figures does not produce a reliable estimate of network rationalization savings.

There are material difference between aggregate AMP savings and overall network savings.

The AMP review process is a site-specific analysis of the potential savings associated with the consolidation of site-specific operations. The role of each individual AMP proposal is not to assess what the network change would be, but rather to evaluate on a site-by-site basis whether there is a business case to support consolidation of mail processing operations, irrespective of whether a proposed consolidation is a stand-alone initiative or part of a network-wide consolidation program. There are major areas of savings that the AMP process does not examine. In the current context, the AMP and other facility consolidation studies examined the potential cost savings assuming the

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implementation of the service changes described in the Request and my testimony, USPS-T-1.

When calculating AMP savings, conservative assumptions are applied in order to isolate the specific business case associated with the transfer of operations. For example, an AMP package does not assess any estimated increase in productivities for any operations that remain behind in the consolidated site or for any operations that are not gaining additional volume at the gaining site. As outlined in Witnesses Bradley, Smith, and Neri's testimonies, these operations are expected to yield savings associated with a service standard change. However, they were removed from consideration in the AMP in order to ensure that a valid business case exists to perform the consolidation, not as a result of the service standard change.

Likewise, any facility that was not evaluated, for example, as part of the AMP study process (a site that neither gained nor lost workload) is not evaluated for any estimated increase in productivities based on the operational changes proposed. Putting aside aggregate differences that might result from a smaller number of consolidations being implemented that was assumed at the beginning of this docket, the limited scope of the AMP packages, therefore, will be visible in the difference between the cumulative total of estimated cost savings generated by the individual AMP packages and the aggregate cost savings estimate filed in support of the Request in this case.

The AMP post-implementation reviews (PIRs) provided in USPS Library

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Reference N2012-1/NP12 confirm the conservative nature of the AMP cost savings estimate methodology. Cumulatively, the 24 final PIRs in that library reference estimate a savings of \$345.3 million, compared to the estimated AMP savings of \$71.6 million. The Postal Service recognizes the value in analyzing potential network-wide cost changes, even if all such costs cannot be measured with absolute precision in advance. Accordingly, the Postal Service has presented the "full-up" cost estimates developed by witnesses Bradley (USPS-T-9) and Smith (USPS-T-10), based on the testimonies of witnesses Neri (USPS-T-4), Bratta (USPS-T-5) and Martin (USPS-T-6).

The February 23, 2012 AMP consolidations in USPS Library References N2012-73 (and NP16) represent only approximately 35 percent of total workload in the mail processing network. In addition to those sites that were announced, the Postal Service expects savings associated with the realignment of mail processing operations in every facility in the network due to the operational changes resulting from the service changes proposed, as detailed in the expected productivity changes estimated by witness Neri (USPS-T-4).

AMPs should not be considered full-up network operational impact assessments. In development of the cost estimates of the AMPs, local, area and headquarters managers jointly estimate the immediate workhour, complement and transportation requirements in order to complete the consolidation of operations within one year. This leads necessarily to conservative estimates of cost savings within these packages. For

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example, the Postal Service's case envisioned an environment in which facilities that were consolidated would be removed from the Postal Service network in the full-up network environment. However, in the short-term, the AMPs may reflect maintaining that facility for local transportation purposes. In the long-run, full-up network, the Postal Service would not be maintaining significant square footage for a small cross-dock operation.

There are known areas of costs and savings that the Postal Service has not evaluated through the AMP process, but that were included as part of the analyses presented by witnesses Bradley, Smith, and Neri. Namely, the Postal Service does not include the savings associated with premium pay reductions, rents or rental opportunity savings, additional DPS sorting, or service-wide benefits as part of the wage rates utilized in the AMP packages. In addition, the Postal Service has not included the additional air cost into the AMP packages. There are also areas where an estimate of savings is made in the AMP packages. However, the Postal Service is persuaded that the vast majority of these savings have not been captured through the calculation process. Examples include utilities, supplier and contractor costs, parts and supplies, reductions in outgoing secondary sortation and the productivity improvements associated with migrating additional volume manually processed in delivery units to automated letter of flat processing. Also, where the gaining sites currently utilized Upgraded Flats Sorting Machine 1000s, the productivity gains associated

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with migrating these volumes to an Automated Flats Sorting Machine 100 were not taken into account.

Specific description of AMP savings calculations: mail processing workhours moving from the losing site to the gaining site.

The calculation of the mail processing workhours savings in the AMP proposals is based on Breakthrough Productivity Initiative (BPI) calculations. To calculate the savings, local, Area, and HQ personnel determined which operations would be moving to the gaining site. Generally, the savings were calculated by evaluating the volume movement at an operation-by-operation level and estimating the required workhours at the gaining site assuming an 8 BPI percentage increase above the gaining site's current productivity for each MODS operation. When calculating operational costs in this manner, some MODS operation productivity assumptions led to results that were jointly determined by local, Area, and Headquarters experts to not be reasonable. For example, when applied to the operational level at some sites, BPI scorecards indicate a 200 percent efficiency score in some operations and a 10 percent efficiency score in others. This, in most cases is a result of a discrepancy between the identity of the MODS operation in which the mail volume is being processed and the specific MODS operation in which the employees are recorded as being employed at the time. The overall sum of total hours being used in a plant is fed into MODS by the Time and Attendance Collection System (TACS) and the number of pieces processed on equipment is fed by actual piece counts

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determined by the End Of Run (EOR) system. BPI scorecards are fed by these systems. The total MODS hours and pieces from EOR are extremely accurate when aggregated at the facility level, however they can yield unexpected results when disaggregating them to the operational level based upon MODS distribution.

In order to avoid calculation errors, a re-cast of the BPI scorecard was performed in each site. Rather than use an operation by operation comparison of productivities, the total workhours of a BPI category were spread among all of the operations in which a facility logged EOR volumes based upon the percentage of volumes used in each operation. This can be illustrated using the following general example. In processing facilities, employees do not regularly change their time card operations. For instance, it is common for mail processing clerks who report to and clock into MODS operation 918 (First Pass DPS) not to be clocked into MODS operation 919 (Second Pass DPS) before performing work in the latter operation. Therefore, at this level, the sum of these two operations may show that the hour distribution is 75 percent in 918 and 25 percent in 919 while the volume distribution at the plant is likely closer to 52 percent in 918 and 48 percent in 919. In each AMP, the total workhours for each BPI group (such as DBCS) were allocated to each operation based on the percentage of pieces associated with each operation, in order to obtain a more accurate operation-by-operation view of the processing costs. This is the basis for the site-by-site

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differences in productivity application and why local, Area, and HQ knowledge are inserted into the calculations of each business case.

Consistent application of business rules was applied to the calculations and then a joint local, Area, and Headquarters review of the line-by-line calculations was performed to ensure an accurate representation of savings would occur. The starting algorithm was to apply an 8 point BPI increase above the gaining site's BPI performance for operations moving from the losing site to the gaining site for operations in Labor Distribution Codes (LDC) 11, 12, and 13. These operations were not capped or forced to be below current actual workhour usage. Therefore, if a gaining site had productivity in a specific operation which may have been more than 8 points lower than the losing site's productivity for that same operation, the calculation returned a greater workhour cost for transferring this operation to the gaining site than is currently incurred at the losing site. The calculations took relative productivity into account.

The estimated improvement in LDC 14 was based upon operational knowledge of field and headquarters mail processing management experts and past manual sortation reduction rates. Manual workload in BPI is applied by an annual survey performed by the local site rather than a piece count. Initial attempts at applying a consistent productivity improvement to manual piece counts yielded results that were not reasonable according to operational expertise of the local, Area and Headquarters officials. During these conversations, it was determined that a flat 3 percent reduction in workhours for

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all transferred pieces would be a reasonable expectation of productivity improvement associated with these operations.

The LDC 17 improvement estimate was based upon operational expertise and some previous consolidation activity. A flat 50 percent absorption factor was the starting point for those operations that would be expected to move from the losing operation to the gaining operation. This absorption factor was based upon complement planning from managers that had recently overseen the implementation of previously approved AMP consolidations. The 50 percent absorption factor was modified on a site-by-site basis depending on mail handler BPI productivity, current overtime rates, and total Function 1 productivity. For example, if a gaining site demonstrated that the current BPI performance rates were high (above 75 percent), and the mail handler overtime rates were currently above 10 percent this was an indication that the facility may merit additional mail handler hours above what was initially proposed. Likewise, if a facility had low productivity rates and low overtime rates, this was an indication that fewer hours should be used in LDC 17 operations for additional volume. Automated Facer Cancellor System operations were calculated using the same methodology as LDCs 11, 12, and 13 due to the similarity in data recording between MODS and EOR with these LDCs.

The estimates of LDC 18 workhours were based upon a 5 percent productivity increase above the gaining site's BPI calculations but were capped to not exceed current workhour expenditures. This is because LDC 18 hours are

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not specifically tied to equipment utilization or volume levels, but are often operation, tour, and facility specific. These calculations were generally developed by applying local management's knowledge of both the gaining and losing site to determine the estimated impact.

Mail processing workhours staying in the losing site.

This is a significant source of difference between the aggregate AMP estimated savings and the financial calculations of overall network savings conducted by witnesses Bradley and Smith. Even though a relaxation of overnight service standards is demonstrated by witnesses Bradley, Smith, and Neri to result in a savings for mail processing operations throughout the network, the AMP process applies no productivity increases to workhours in the various losing sites. The AMP proposals are focused on the cost of moving operations to the gaining site and omit any savings that may occur at the losing site from other initiatives.

Mail processing workhours for operations currently at the gaining site.

Another significant source of difference between the aggregate AMP estimated savings and the financial calculations of witnesses Bradley and Smith is related to the non-impacted operations at the gaining site. No productivity increases were applied to operations at the gaining site which did not receive any volumes through an individual AMP proposal. Even though a relaxation of overnight service standards is demonstrated by witnesses Bradley, Smith, and

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Neri to result in a savings for mail processing operations throughout the network, these savings were omitted from the AMP proposals in order to isolate the specific business case associated with the consolidation. Again, the purpose of the AMP proposal is to determine whether a business case exists for a particular consolidation, not to determine the final cost savings for that particular consolidation or for an overall network redesign.

For operations at the gaining site which received volume, there was an expected increase in the productivity for those operations due to economies of scale. The intent of the AMP study was to identify what that economy of scale result would be, understanding that, in many cases, there were multiple sites going into a single gaining site. Due to the operational change and associated cost savings at the gaining site discussed by witnesses Bradley, Smith, and Neri, the productivity improvement of 8 percentage points was applied to the gaining site for LDCs 11, 12, and 13. A 3 percent productivity improvement was applied to LDC 14 and no productivity improvements were applied to LDC 17 and 18 operations at the gaining site.

This approach presented a significant challenge to isolate the specific results of the impact associated with each individual consolidation. For example, the Denver, CO P&DC had a total of three AMP studies under concurrent examination into the gaining facility. In order to not double count the savings associated with applying the above methodology to each of the Alamosa, Colorado Springs, and Salina AMP worksheets, the gaining site's productivity

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improvement for volumes remaining at the gaining site were spread equally among the workbooks. Therefore, a productivity increase of 8/3 or 2.66 percentage points was used in each AMP workbook. The purpose of this exercise was to isolate the specific savings associated with a site-by-site consolidation to ensure that the proper business case was made in each instance.

Management (PCES and EAS) savings calculations.

A reduction in authorized management positions was applied by the local sites when estimating the savings. In many cases, the sites have vacant management positions on the rolls but are covering these positions with detailed employees from other facilities, detailed craft employees (204b), or extra straight time supervisory hours. The reduction of authorized management positions in the workbooks was accompanied by a reduction of full-time equivalent supervisory or management hours. This explains why many AMP workbooks demonstrate a management savings, but an increase in management positions. The proposals indicate a need to fill an authorized position, however the net number of workhours used will decrease due to a reduction in detail, 204b, or extra straight time hours.

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Labor rate calculations.

The AMP workbooks are populated with the paid per hour rate of a particular facility by LDC. These labor rates are the average cost of a fully loaded hour including overtime and benefits of a specific facility. The cost savings associated with operations and maintenance in the AMP packages are the current workhours multiplied by the current labor rates in the respective LDC and facility compared the proposed workhours multiplied by the current labor rates in the respective LDC and facility. Therefore, if an operation is transferred to a facility with higher labor rates, it is accounted for in the calculations. A transition to a higher percentage of flexible workforce or a reduction of night differential is not included in this calculation, and would yield savings above what is proposed in the AMP.

Maintenance calculations.

The basis of the maintenance calculations was provided under the supervision of Witness Bratta on a site by site basis. However, the estimates of workhours by LDC provided by Witness Bratta needed to be isolated and allocated to each business case. Using Denver as an example, the workhour estimates provided included the proposed workhours associated with all of the equipment for the consolidations into Denver. The workhour costs or savings were allocated to each of the Alamosa, Salina, and Colorado Springs proposals to provide a snapshot of the business case. These maintenance workhours were

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allocated according to market share of the percentage of increased volume of the gaining site associated with each consolidation. The largest addition of volume reflected the largest percentage of increased cost or savings at the gaining sites. Losing sites maintenance costs were based upon remaining equipment set and percentage of the facility that would be retained for other usage such as Retail or BMEU. After these costs were incorporated into the proposal, local, Area, and headquarters experts reviewed for accuracy and validated the modeling assumptions. Where the locals demonstrated that the staffing was too high or too low, the proposals were adjusted to reflect a reasonable assessment of the maintenance hours required to implement the proposal.

Transportation calculations.

AMP transportation calculations were jointly developed by each Area and local transportation management experts. These costs were then sent to headquarters for review. During the review, headquarters officials reviewed the summary narrative to ensure that it appropriately addressed any increase or decreased the transportation for the proposed consolidation. Only those Highway Contract Routes or Postal Vehicle Service routes that were specifically related to each consolidation were reflected in the business case and were prepared as a "worst-case scenario" for the first year of operation. In most cases, very conservative transportation profiles were developed. These costs

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did not include all savings or costs associated with a redevelopment of the entire network but were a reflection of each isolated business case.

N2012-1
United States Postal Service
Institutional

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

APWU/USPS-2

When was the 2010 National Agreement with the APWU ratified? When did its provisions become effective?

RESPONSE

See <http://www.apwu.org/issues-cbanegots2010/magart110701.htm> and page 1 of the 2010 APWU National Agreement in USPS Library Reference N2012-1/63.

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

APWU/USPS-9 The August 2011 list of FSS installations shows that there appear to be several sites that are on the September study list that also have FSS equipment.

- a) Please confirm that the following locations contain FSS equipment and are on the September 2011 list of sites being studied for consolidation: South Florida (5 FSS machines), NW Boston (2 FSS machines), Orlando (2 FSS machines), Fox Valley (2 FSS machines), Herb Peck Annex (2 FSS machines), Middlesex Essex (3 FSS machines), Brooklyn (1 FSS machine), Dallas (1 FSS machine) and Stamford CT (1 FSS machine). If this list is not correct please provide the correct list.
- b) If consolidation of these sites is approved, will the FSS equipment be moved or will FSS processing continue at the current location?
- c) If FSS processing will continue at the current location, please confirm that will require continued use of the building including maintenance and utility costs, and continued transportation to and from the building.

RESPONSE

- a) Not confirmed. There are potential relocations of FSS based on the proposed network laid out within the case. Based on the hypothetical network presented as part of this proceeding, there would be 10 FSS machines moved: Fox Valley (2), Herb Peck Annex (2), Dallas (1), Van Nuys FSS Annex (3), Moreno Valley (1) and Stamford CT (1). However, the degree to which these or any machines will actually move depends upon (a) the outcome of the 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, and should not be interpreted as reflecting that any facility-specific decision associated with the Request have been made or implemented.

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RESPONSE to APWU/USPS-9 (continued)

- b) If a site is consolidated, its equipment is moved.
- c) N/A

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APWU/USPS-10 The Hattiesburg MS CSMPC is on the September list of locations being studied for consolidation. On the USPS website (<http://about.usps.com/streamlining-operations/area-mail-processing.htm#h>) there are two AMP feasibility studies related to the Hattiesburg site. One is dated June 28, 2011 evaluating a transfer from Hattiesburg to Gulfport with an estimated savings of \$660,507 and only 5.92% of its First Class Mail volume being downgraded from overnight to 2-day. The second study, dated October 31, 2011, shows savings of \$2.2 million with all First Class Service showing 2-3 day service (but no indication as to what percent is an actual downgrade.) Each is attached for your reference.

a) What percentage of First Class mail in the October 31 study is actually being downgraded from overnight to 2-day.

c) What other differences in the assumption underlying these two AMPs account for the difference in the cost savings?

RESPONSE:

a) The later study (October 31) examined the consolidation under the concept of a relaxation of overnight service standards as presented in this case. The response to this interrogatory part will depend on the content of the final rule.

c) The primary difference in the calculations of these two AMPs is related to the relaxation of overnight service standards. This service standard change would allow a change in the operating plan resulting in increased mail processing savings arising from a reduced equipment set and a reduction in transportation.

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APWU/USPS-11 In her response to NPMHU/USPS-T6-5 witness Martin indicated that the AMP decisions were scheduled to be finalized by mid to late February 2012. However, there are several sites on the September 2011 list of sites to be studied for which there do not appear to have been any public meetings conducted. Are those sites no longer being studied?

RESPONSE:

As of March 2012, there are six Area Mail Processing studies currently underway: Brockton, Massachusetts; Manasota, Florida; Kalispell, Montana; Easton, Maryland; Rockford, Illinois; and Atlanta, Georgia (originating only). All other studies were approved, disapproved, or halted and announced on February 23, 2012. The Postal Service will continue to evaluate facilities for potential consolidation and make all appropriate notifications.

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APWU/USPS-12 In various documents published by the Postal Service among a variety of strategic options and proposals, the competitive parcel market is frequently referenced as an area for future growth. Specifically, the USPS published reports titled "Ensuring a Viable Postal Service" and the "Vision 2013" five year Strategic Plan, among many other reports, have indicated a planned intent to grow the parcel and package component of the USPS revenue stream. Additionally, many outside organizations with whom the USPS maintains relationships, such as Postal Vision 2020, have advocated a redirection of USPS strategy to a greater focus on carrying and delivering "physical goods".

- a) To address these stated USPS intentions and recommendations from others, has any evaluation been conducted or plan been developed to define future expansion in the parcels sub-categories of the various mail classes?
- b) If so, does that plan evaluate the potential use of the existing network and plant infrastructure to provide future expanded distribution capabilities in parcels and packages?
- c) Has any evaluation been conducted or plan been developed to expand the Priority Mail product in particular in the competitive market?
- d) Has any evaluation been made of the existing processing and transportation network as to how it could be utilized for significant further expansion into parcel sub-categories and Priority Mail in particular?
- e) What are the results of those evaluations and studies regarding the possible future use of the existing network for new expansions?
- f) Has any evaluation been made of the impact the closures and consolidations planned under the network rationalization initiative will have upon the future expansion of parcel and package services? If so, please provide a detailed description of the impacts.

RESPONSE

- (a) Review of the marketplace and development of plans are underway, but are not expected to be completed until more clarity emerges regarding future service standards, network changes and pending legislative activity.
- (b) The plan is expected to take into account network and plant infrastructure that emerges from the ongoing rationalization initiative.
- (c) Priority Mail is included in the response to part (a).
- (d) See the response to part (b).
- (e) See the responses to parts (a) and (b).

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RESPONSE to APWU/USPS-12 (continued)

(f) See the response to (a). Otherwise, see USPS-T-11 and USPS-T-12.

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APWU/USPS-13 Please refer to the response to APWU/USPS-T13-1, dated February 10, 2012, redirected from USPS Witness LaChance to the Postal Service for an institutional response.

- a) In areas that lose their mail processing facility as a result of an AMP, will customers be permitted to still have their mail cancelled with the local postmark?
- b) If so, how, is this accomplished? Please specify the type of location (i.e. Post Office, etc.) the grade and title of employee(s) responsible and the machine(s) used.
- c) If customers are permitted to have their mail locally cancelled after the loss of the mail processing facility, how long does this option remain available to customers?
- d) Are customers charged for this service?
- e) Will all of the options for getting mail locally cancelled remain after full implementation of Network Rationalization? If not, how will the options change?
- f) In these situations, will mail be cancelled with the local postmark via the all-purpose date stamp? If so, isn't the intended use of that stamp for receipts, registered mail and bank deposits according to Section 6-11.3.2 of the PO 209?
- g) If the mail piece is hand stamped, what will it say? If canceled at a station or branch will the cancellation name the station or branch or the city?
- h) If this is not done via the all-purpose date stamp are the costs of using mechanical postmark equipment included in the cost of the AMP? If so, where is this information recorded?
- i) If this is not done via mechanical postmark equipment, what manual postmarks are to be used and where will they be used? If the Post Office has more than one facility, would there be a need for multiple stamps unless a manual operation was created for postmarking? Are these costs included in the AMP? If so, where is this information recorded?

RESPONSE

- (a-e) The consolidation of mail processing operations at a plant subjected to a AMP is distinct from the closure of retail operations that also may exist at that location. Mailers presenting mail for acceptance at the remaining Post Office/station retail counter will retain the option of presenting their mail at the counter to be hand-cancelled under the same conditions as

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today by the employee at the counter, whether that employee is a Postmaster or retail clerk, at no additional charge.

- (f) The local all-purpose date stamp may be used to cancel mail at a retail facility so long as it complies with the requirements for a postmark, including that the mark is in black ink and it contains city, state, ZIP Code, month, day and year, as depicted in POM Exhibit 231.5. This is not inconsistent with Section 6-11.3.2 of Handbook PO-209 which permits the all-purpose date stamp to be used for stamping the customer copy of receipts and bank deposit slips, which is done with red ink.
- (g) What the handstamp at each such location will say will vary by location, and will be similar in character to what such handstamps say today. In some cases today, the city or postal facility is identified. Those options will continue to be employed.
- (h-i) See the response to part (g). Manual handstamping is already available and would continue. Automated cancellation equipment would not be retained as an option for responding to requests at a retail counter for a local postmark. It is not clear what is meant by a Post Office having more than one facility. It also is not clear why the AMP study analyzing mail processing operations would include an analysis of manual postmarking costs for a retail operation that remained at that location

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APWU/USPS-14 Please refer to the response to APWU/USPS-T13-1 and 2, dated February 10, 2012, redirected from USPS Witness LaChance to the Postal Service for an institutional response which references POM Section 312. Are postmarks available in areas that lose their mail processing facilities outside of the process detailed in POM Section 312?

RESPONSE

In today's environment, stamped mail not cancelled in response to a request at a retail counter for a local postmark (such as collection mail or mail dropped in a lobby chute or deposited at a BMEU) is transported to the originating plant serving that ZIP Code and postmarked mechanically there. That practice will continue in the future network.

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APWU/USPS-15 Please refer to the response to APWU/USPS-T13-1 and 2, dated February 10, 2012, redirected from USPS Witness LaChance to the Postal Service for an institutional response which references POM Section 312.

- a) When a customer seeks to have "significant mail volumes (50 or more pieces)" postmarked, please describe the "adequate resources" required.
- b) Is there a limit on the number of pieces in excess of 50 that can be locally cancelled under POM Section 312?
- c) If a mailer sought to have a mailing consisting of 1,000 pieces cancelled with the local postmark in an area without a processing facility, what steps would the mailer have to take to get the local postmark on the entire mailing? How long would this take? What would the Postal Service have to do to satisfy the mailers request?
- d) POM Section 312 does not address the costs of providing this service, are there any fees, nominal or otherwise, associated with this service?

RESPONSE

- (a) Adequate resources would consist of handstamps, ink, and personnel available to manually cancel the mail.
- (b) No specific limit is imposed. As set forth in POM 312.2, a mailer presenting significant mail volumes (50 or more pieces) should contact the postmaster or other manager in advance to ensure that adequate resources are available to provide a local postmark.
- (c) These circumstances are rare. As set forth in response (b) above, it would be prudent for anyone with such an extraordinary request to plan in advance. Directing an advance inquiry to a particular retail office in order to scheduling the presentation of such mail would allow the office to schedule the postmarking of the mail pieces around other activity and in advance of a dispatch of value. The Postal Service has not performed a study of the frequency or costs associated with such rare occurrences.

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(d) No.

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APWU/USPS-16 Please refer to the response to APWU/USPS-T13-4, dated February 10, 2012, redirected from USPS Witness LaChance to the Postal Service for an institutional response. In subpart (a) APWU inquired about the discounts that would be provided to mailers in the event they dropped mail at a BMEU that remained after the closure of the processing facility. The Postal Service responded: As the network is transitioned, mailers will be permitted to drop their mail at BMEUs that remain in an impacted facility. In this situation, mailers will continue to receive the same discounts. Future pricing decisions will be made subsequent to finalization of network changes.

- a) Please confirm that this response means that discounts will be available to mailers who drop their mail at the BMEUs that remain after a processing facility is closed/consolidated.
- b) At what point will the transition of the network be deemed complete and the finalization of the network occurred?
- c) Will future pricing decisions regarding the discounts that are provided to mailers who drop their mail at BMEUs that remain at an impacted facility, be automatic or will the Postal Service present this for evaluation as a rate adjustment?
- d) In Issue 181 of the "Bulk Mail Acceptance Newsletter," dated October 27, 2011, the USPS has published the following: It is the responsibility of the district In-Plant Support office to update the DMM Labeling Lists when a site is consolidated. This ensures that sites that are no longer processing mail will not be listed as Sectional Center Facilities (SCFs) and will ensure that mailers are aware that they cannot claim DSCF prices when depositing mail at these sites.
 - i. Please reconcile the statement from the Bulk Mail Acceptance Newsletter which indicates that mailers will no longer be able to claim discounted rates when dropping mail at facilities that are no longer processing mail, with the response to APWU/USPS-T13-4 which states that the discounts will still be available in these situations.
 - ii. How does the USPS inform mailers of this change in mail entry and the loss of DSCF prices when depositing mail at BMEU's that remain at an impacted facility?

RESPONSE

- (a) Confirmed.
- (b) When all of the activities that are a part of implementation the numerous consolidations under this initiative are accomplished, the initiative will have been completed. The period "subsequent to the finalization of network

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changes" was a reference to the period of time after service standard changes were implemented and all network changes to be implemented were identified and sufficiently well understood to provide a basis for measuring the impact of operational change on costs and assessing whether the current classification and price structure was appropriate for the future network. Whether that occurs in conjunction with the next round of CPI price increases remains to be seen. The network configuration resulting from the current initiative will not be "final." It is expected that adjustments of the new network through locally initiated AMPs will occur in response to local conditions, as is the case today.

- (c) As has been the case in the past, the classification and pricing structure can be expected to evolve in response to changes in operations and costs. It is not known what is meant by an "automatic" pricing decision.
- (d) i. An Industry Alert was communicated to mailers on December 22, 2011 stating that the DSCF discount would be extended to mailers through the Network Rationalization transition. Additionally, a Special BMA Newsletter, dated February 23, 2012, clarified the information found in the October 27, 2011 Bulk Mail Acceptance Newsletter stating that: "Mailers will be encouraged to align their preparation and entry to the new network. However, they will continue to receive drop-ship entry discounts for mail entered at impacted facilities based on 3-digit ZIP Codes currently allowed."

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ii. The Postal Service has held webinars with Area & District BME staff to ensure the DSCF price extension message is being communicated directly to our mailers throughout the transition process. We also posted signage in BMEUs on February 23, 2012 stating that: "Mailers will continue to receive drop-ship entry discounts at this facility based upon 3-digit ZIP codes currently allowed."

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APWU/USPS-17 The list of approved AMP consolidations released on February 23, 2012 shows some offices as consolidating originating and destinating mail and some facilities as undergoing "full" consolidation.

- a) Please explain the difference between consolidating originating and destinating mail and a "full" consolidation.
- b) Does "full" consolidation indicate the building will be vacated? Are there other types of consolidations that will lead to the building being vacated? If so, please identify those.
- c) Given the completion of the AMP studies, can you now identify the locations that will be used as transportation hubs? If so, please provide a listing of those locations.

RESPONSE

- (a) The term "full" in this context was used to refer to the consolidation of all mail processing operations where the traditional terms "originating" and/or "destinating" do not apply.
- (b) No. Other postal functions could remain. The removal of all postal operations and administrative functions would render a facility vacant.
- (c) No, but when the determination of hub locations is virtually complete, a listing will be generated and filed.

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APWU/USPS-21 In response to APWU/USPS-T1-34 Mr. Williams stated that "the Postal Service is currently evaluating new service areas and assessing any potential changes required for Express Mail and Priority Mail service standards."

- a) Please provide the current performance data for Priority Mail and Express Mail.
- b) Once the evaluation referenced in Mr. Williams' response is complete, please provide the list of changed 3-digit Zip Code pairs for Priority Mail and Express Mail.

RESPONSE:

- a) The Postal Service has filed an objection to this subpart.
- b) The evaluation referenced in Mr. Williams' response is still ongoing, and is contingent upon the final determination and implementation of the network changes. The Postal Service will provide the list of 3-digit ZIP Code pairs for Priority Mail and Express Mail once the evaluation is complete.

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APWU/USPS-22 Does the Postal Service measure the volume of "turnaround" Priority Mail?

a) What is the current percentage of Priority Mail that currently receives overnight delivery?

b) What percentage of Priority Mail that currently receives overnight delivery will shift to 2-day delivery in the new rationalized network?

RESPONSE:

Preamble) No.

a) Currently, 1.1% of origin-destination 3-digit ZIP Code pairs have an overnight Priority Mail service standard. Further, see the response to APWU/USPS-T1—34. The Postal Service is not required to report Express Mail or Priority Mail performance.

b) See the response to APWU/USPS-T1—34. Even when the Postal Service completes realignment of ZIP Code pair service standards as referenced in response to APWU/USPS-21(b), the Postal Service will still be unable to predict the percentage of Priority Mail that will be delivered within its applicable service standard in the future.

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APWU/USPS-23

Please refer to USPS-LR-N2012-1/NP11. Please clarify the following data fields and/or values in the ODIS record layout definition:

- a) Indicia = 3: what type of indicia does this represent (e.g., Permit account, etc.)?
- b) Priority Indicator: please provide additional clarification on the meaning of 'Identified Priority' and 'Unidentified Priority'
- c) Service Standard = 0: please explain the conditions for Service Standard to be equal to 0 (zero).

RESPONSE

- (a) Indicia=3 represents mail pieces that are not exclusively stamped or meter indicia, where meter indicia includes Information Based Indicia (IBI), non-IBI meters, and Postage Validation Imprint (PVI).
- (b) Identified Priority represents mail pieces that are in Postal Service supplied packaging materials such as the branded flat rate boxes, flat rate envelopes, and Tyvek envelopes. Unidentified Priority represents mail pieces that are in customer supplied material.
- (c) Service Standard = 0 represents mail pieces that are mailed by the Postal Service (e.g., G-10 labels), are forwarded or returned, do not have postmark dates, have days to delivery that cannot be calculated or calculate to over thirty days, have invalid destination ZIP Codes, are franked or permit indicia, have unknown origin ZIP Code, or unknown service standard.

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APWU/USPS-25

In the USPS response to POIR No. 5 Question 4, the Excel spreadsheet provided has identified Primary Processing Centers for Letters, Flats, and Priority. Please modify/update the Excel spreadsheet to include:

- a) Processing centers for Priority Parcels;
- b) Processing centers for Priority Flats/Letters;
- c) Processing centers for Non-Priority Parcels.

RESPONSE

- (a-b) The data source does not differentiate Priority Mail pieces on the basis of shape.
- (c) The majority of end-to-end parcel distribution is performed at the NDCs.

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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.

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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.

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REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-36 Please confirm that the AMP study process has no accounting for the following "frictional" or transactions costs: Out of schedule premium. For example, in Daytona over a \$.5million was spent on out of schedule premium for employees on temporary detail as a result of transitioning; Travel time, Mileage Per Diem and transportation costs. For example in Daytona the USPS is paying temporarily detailed employees for their travel time, transportation costs and mileage. Transportation of employees from one facility to another. For example in Ashland, KY, the Postal Service is providing buses and vans to transport employees on temporary detail to the gaining facility in Charleston, WV from Ashland. Relocation Benefits; New Training costs, other than maintenance; and Saved grade costs. For example in Daytona, you had 20 employees who received a saved grade.

RESPONSE

It is confirmed that the AMP study process does not include transitional workhour costs as part of the estimate. However, these costs are included in the Post Implementation Review analysis, with the exception of mileage reimbursements (per diem): The PIRs filed in this case indicate that overall, the results of the consolidations exceed the expected savings.

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REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-37 Please confirm that the PIR process counts as savings from the AMP the workhour savings resulting from the loss of mail volume over the time of the original AMP and PIR.

- a) Please also confirm that the PIRs include the savings resulting from concurrent initiatives workhour savings that are unrelated to the AMP, such as the Early Retirement program.

RESPONSE

The loss of mail volume over time is captured in the PIR evaluation in addition to the savings associated with consolidation.

- a. Not confirmed. Note, the early retirement program was a program intended to reduce the workforce. That workforce reduction was necessitated by the combined impact of the workload declines, as well as the savings expected through the mail processing operations. The early retirement program provided the Postal Service the ability to achieve the expected savings associated with the AMPs.

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REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-38 Confirm that Charleston, WV received 3 machines from Ashland, KY and 4 additional machines from other locations.

- a) Please confirm that the AMP shows that Ashland, KY saved \$44,758.00 as a result of moving the three machines to Charleston, WV, while there is no increase in Part, Supplies, and Facility Utilities listed for Charleston, WV despite its gaining the 3 Ashland machines and 4 others.
- b) What instructions are given to the field to account for changes in Part, Supplies and Facility Utilities as a result of an AMP.

RESPONSE

- a. Confirmed that Charleston received 3 machines from Ashland and there was an estimated savings in Ashland of \$44,758. There was no increase in parts at Charleston. Utilities were increased in the Huntington AMP by \$29,300.
- b. Field personnel are instructed to transfer usable spare parts along with equipment as a result of the AMP. Any excess, usable spare parts are instructed to be identified to District, Area, or Headquarters maintenance to be redeployed to alternate facilities. Additional orders for spare parts that are no longer necessary are to be halted. There are no specific instructions regarding utilities unless the facility is closing. If that is the case, the facility is turned over to Asset Management and Facilities for cancellation of the utilities services and disposition of the asset.

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REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-39 In the current case, there are several instances where the same gaining site is named for more than one potential losing site. Please explain in general how the AMPs are conducted when there are multiple facilities that could be consolidated into one facility. Please specifically address:

- a) How is available processing time at the gaining facility analyzed with respect to all the potential incoming mail?
- b) Is there one consolidated comparison that compares workhours at all the losing sites to the "after" workhours at the gaining site?
- c) For each of the individual losing site AMPs, how is the net employment impact being calculated?

RESPONSE

- a. The aggregate of all proposed volumes of the sum of the consolidations was considered when planning the equipment sets for each of the gaining facilities. A joint headquarters, Area, and local analysis was then performed to validate that the proposed equipment set would fit in the facility. The feasibility of the consolidations was based upon all mail for all consolidations being able to be processed on the proposed equipment set during the proposed operational window. The business cases were separate analysis, but the feasibility analysis included the sum of all proposed consolidations.
- b. No.
- c. See the response of witness Williams to Question from Commissioner Taub during March 20, 2012 oral cross-examination filed 3/30/2012.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO AMERICAN
POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-40 Please describe each of the columns on the 24 hour clock tables that are included in most of the AMPs and how those columns are used to judge potential service performance bottlenecks.

a) The 24 hour clock tables do not routinely appear in the PIRs. Why is a comparison of the 24 hour clock performance in the gaining facility before and after the transition not routinely included in the PIRs?

- a. The 24-hour clock is an operational metric used to diagnose and correct current operational issues. It, in itself, is not a measure of operational success. The metrics used to determine operational success are service performance scores and workhour usage. Both of these metrics are displayed in the PIR analysis.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO AMERICAN
POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-41 If the 24 hour clock table in an AMP shows that second pass DPS is in the green and is therefore finishing on-time most of the time, but the transportation measure in the last column is in the red, well below the target percentages, what sort of operational concerns does that raise?

RESPONSE

This could reflect a number of scenarios that would need to be investigated further to determine whether it is actually having an impact on the service performance or workhour usage of a facility. In Surface Visibility sites, a truck is considered to be late when it departs at least 1 minute after the expected time. This is an example of when the 24 hour clock would indicate poor performance, but this 1 minute may not have an impact on the down stream post office operations. The "red" column is not a measure of success, but an indication that further analysis must be performed to determine if there is an issue.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO AMERICAN
POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-42 If a gaining facility is being evaluated for the potential receipt of mail from multiple "losing" facilities and the gaining facility already has one or more 24 hour clock measures that are substantially below target, does that trigger any special remediation activities at the gaining facility before additional AMPs are approved? If not, how do you determine that there will not be service degradations when additional facilities are consolidated?

RESPONSE

Yes. This is an example of why the 24 hour clock analysis is included in the AMP proposal. This scenario would indicate that further examination is needed to ensure that operational success is feasible. Depending on the metric and the impact that further investigation determines that this metric has on service performance and or workhour usage, this may alter the assumptions applied to the AMP proposal. For example, if cancellation by 2000 performance at the gaining site is poor, this *may* indicate that collection transportation from the losing site should be designed to have more mail arrive before 2000. Various operational methods such as sort plans, number of pieces of equipment in use during an operation, transportation arrival profiles, number of trucks, staffing, and scheduling can be altered in order to change performance of a 24 hour clock metric. However, the true measure of operational success is the service performance and workhour usage.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO AMERICAN
POSTAL WORKERS UNION INTERROGATORY
REDIECTED FROM WITNESS WILLIAMS**

APWU/UPSP-T1-44 Please refer to USPS-LR-N2012-1/47.

- a) Please confirm that this analysis was conducted using FY2009 workload volumes.
- b) Was a similar analysis ever done using FY2010 workload volumes so that it could be compared to the analysis underlying the proposed plan in this docket?
- c) Please confirm that the baseline scenario shows 6 hours for all activities except for second pass DPS, which was assigned 1.5 hours.
- d) The 6 hour windows for the Outgoing Primary and Incoming Primary operations do not seem to be consistent with the operating plan presented in Witness Neri's testimony at page 13. Is the second pass DPS window, the one that is the bottleneck in most processing plants?
- e) Scenarios 1 and 2 extend the second pass DPS window by 1 and 2 hours respectively. Please confirm that a 1 hour extension of the DPS window reduced the estimated number of plants necessary to process the mail by 95 facilities.
- f) Were these scenarios only focused on letter and flats volumes?
- g) On the facilities worksheet please indicate what determined whether or not a facility had an "X" in the column labeled "include?"
- h) FY2009 would have been before the FSS machines were in widespread operation. How was flats processing evaluated in these scenarios?

RESPONSE

- a. Confirmed.
- b. No.
- c. Confirmed.
- d. Confirmed, this was a high level analysis to determine the effect of changing mail processing windows. Confirmed, the second pass DPS window is the constraint in most processing plants. All mail volumes, regardless of service standard are required to process through this limited mail processing window due to the FC overnight service standard.
- e. The analysis suggested expansion of the operating window would cause the need for less square footage. That reduction in square footage was divided by the average size of a facility based on the list of facilities

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO AMERICAN
POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

RESPONSE TO APWU/USPS-T1-44 (continued)

included within the attachment to develop a general sense of how many facilities that would equate to. It should be noted this high level analysis was only a method utilized to get a very general sense of opportunity.

- f. Yes.
- g. See the response to POIR No. 5, questions 5(a)&(b).
- h. Flats processing was evaluated based on how it was processed based on the data contained within the MODS pull.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO AMERICAN
POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-47 In its February 23, 2012 press kit, the Postal Service states that it has determined that of the 52 facilities for which AMPs were not required, 40 will be consolidated.

- a) What factors were evaluated to reach those decisions?
- b) Have the public comments collected from the February 6, 2012 newspaper advertisements already been evaluated?
- c) If not, how will those comments be evaluated since the press release indicates that the decision has already been made to consolidate those facilities?
- d) What is the dollar value savings that the Postal Service has attached to these facilities and how have those savings numbers been determined?

RESPONSE

- a. These decisions were made based upon feasibility of the consolidation, an expectation of cost savings, and consideration of public input.
- b. Yes.
- c. N/A
- d. [Response forthcoming]

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO AMERICAN
POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS WILLIAMS**

APWU/USPS-T1-48

- a) Please confirm that destinating mail from the Frederick, MD P&DF was approved to be consolidated into the Baltimore P&DC in August 2011.
- b) Please confirm that originating mail from the Frederick, MD P&DF was consolidated into Suburban Maryland P&DC in July 2010.
- c) What is the current status of the Frederick, MD P&DF? Are any mail processing activities currently taking place there?
- d) Where is the mail (originating and destinating) that was previously processed at the Frederick, MD P&DF actually being processed at this time?
- e) If there have been any changes since the AMPs approved above, please provide the AMP that shows that analysis.

RESPONSE

- a. Confirmed.
- b. Confirmed.
- c. There are no mail processing operations currently taking place at the Frederick P&DF.
- d. The originating and destinating mail for the service area previously supported by the Frederick P&DF is currently processed in Baltimore.
- e. No updated analysis was performed or was necessary according to USPS Handbook PO-408 guidelines. The realignment of originating Frederick mail from Suburban to Baltimore did not require a separate AMP study because an AMP consolidation is defined as "all originating.." operations tied specifically to Sectional Center Facility (SCF) processing. Because only a subset of originating operations was transferred between Suburban and Baltimore, it did not qualify as an AMP.

UNITED STATES POSTAL SERVICE RESPONSE
TO AMERICAN POSTAL WORKERS UNION INTERROGATORY
REDIRECTED FROM WITNESS NERI

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."

d) What percentages of FCM parcels originate from each class of customer, including National Accounts, Preferred Accounts, Small Business and Consumer?

RESPONSE:

d) The percentage of FCM parcels originating from "National Accounts," which are referred to as "Strategic Accounts" by the Postal Service, is 7.41. The Postal Service does not collect or possess information for the other categories requested in this interrogatory part.

**INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY,
REDIRECTED FROM WITNESS MARTIN**

APWU/USPS-T6-4. For those market-dominant classes of mail and specifically the subcategories of parcels for which the testimony says there will be no changes in service standards, will there be changes to CET times for induction of the mail into the network?

RESPONSE:

Interrogatory APWU/USPS-T6-4 does not identify the portion of my testimony or the testimony of another witness upon which the interrogatory is based.

Therefore, only a general response can be provided. The Postal Service does not anticipate changes to the CET times for induction of mail into the network for these products.

**INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY,
REDIRECTED FROM WITNESS MARTIN**

APWU/USPS-T6-9. On February 23, 2012 it was reported that USPS has completed the AMP process at nearly all of the identified facilities. As a result, the USPS must now possess significantly more detailed information regarding cost savings estimates and the likely future network.

- a) What are the cost savings reported from the completed AMP process for each of the major parcel sub-categories for the plants planned to be closed?
- b) What are the cost increases projected for the remaining plants which will assume the processing of the mail volume, including the parcel sub-categories and the Priority and Express mail volumes?
- c) What are the planned changes to the CET and CT times for each class of mail, each parcel sub-category of mail, and for Priority and Express mail for the remaining plants in the system?
- d) How will those changes in the CET and CT times affect the planned service standards for the parcel sub-categories and Priority and Express mail for each of the remaining plants in the network? What percentage of volume in each parcel sub-category will be affected by the changes?
- e) What percentage of volume by each parcel sub-category, including Priority Mail and Express Mail, will experience a change in operating plan as a result of the AMP analyses completed? Specifically, what percentage of volume for each parcel sub-category will experience a change in processing locations based on current volume distributions?

RESPONSE:

- (a) The AMP process does not disaggregate cost savings for each major parcel sub-category for the plants reviewed.
- (b) The AMP process does not disaggregate cost increases for each major parcel sub-category and the Priority and Express mail volumes for the plants reviewed.
- (c) See response to APWU/USPS-T6-4. Also see response to APWU/USPS-T1-35.
- (d) See response to APWU/USPS-T6-4. Also see response to APWU/USPS-T1-34.
- (e) The Postal Service has estimated that for the Priority Mail volume

**INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO AMERICAN POSTAL WORKERS UNION, AFL-CIO INTERROGATORY,
REDIRECTED FROM WITNESS MARTIN**

RESPONSE TO APWU/USPS-T6-9 (CONT.):

processed within the plant network, approximately 22 percent is currently processed at a location approved as a consolidation opportunity.

Likewise, the Postal Service has estimated that for the Express Mail volume processed within the plant network, approximately 23 percent is currently processed at a location approved as a consolidation opportunity.

**RESPONSE OF POSTAL SERVICE TO AN INTERROGATORY POSED BY THE
APWU REDIRECTED FROM WITNESS BRADLEY**

APWU/USPS-T10-7. In Audit Report NL-AR-11-003 issued on June 7, 2011, the OIG determined that the Postal Service incurred more than \$48 million in excess fuel costs for purchases of excess fuel and more than \$2 million in excess fuel costs for unauthorized grades of fuel purchased by HCRs over a two year period (2008/2009 and 2009/2010). The OIG Report also found that "the Postal Service has not established effective controls to ensure that management properly conducted annual reconciliations...to ensure HCR suppliers did not exceed the contractually allowed fuel gallons." In addition, the OIG reported that the Postal Service stated that the program that resulted in these problems "was the best FMP [Fuel Management Program] option at the time" and that the Postal Service "has not conducted a comprehensive examination of the [program]."

- a) Has the Postal Service counted the excess fuel costs incurred by the Postal Service's fuel program for HCR contractors as part of the cost of HCR contracts?
- b) If not, is the fuel cost for the HCR contracts assumed to be within contract limits?
- c) In estimating the cost of possible HCR routes for purposes of determining the potential savings from HCRs, what cost, if any, did the Postal Service assume would be incurred for excess fuel purchases and for purchases of unauthorized grades of fuel?

RESPONSE:

- a. It is possible that some excess fuel costs are included in the cost of the HCR contracts. The excess fuel costs are paid to the contractor but the Postal Service has a recovery process through which it does get the money back. The recovery process may take place within the same fiscal year or it may spill over into the next fiscal year. This means that the accrued HCR costs in any given year may include some excess fuel costs for that year as well as some recovery of excess fuel costs from the previous year. Please note that the fuel costs of 50 million dollars mentioned in this question, even if completely unrecovered, are a very small part of the FY2010 accrued purchased highway transportation costs of over 3 billion dollars.

**RESPONSE OF POSTAL SERVICE TO AN INTERROGATORY POSED BY THE
APWU REDIRECTED FROM WITNESS BRADLEY**

- b. Not applicable
- c. The Postal Service assumed that the accrued purchased highway transportation costs were equal to their actual recorded value as identified in the Postal Rate Commissions' Annual Compliance Determination. To the extent those costs include any recovery of excess fuel costs from the previous year or unrecovered excess fuel costs from the current year, they would be included.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CITY OF POCATELLO INTERROGATORY**

CPI/USPS-3: On Page 6 of the Pocatello AMP Summary under the item "Space Impacts" the USPS states that the current Salt Lake City plant is not large enough and does not have the capacity to handle all of the mail it will handle with the consolidation. The stated plan is to add 200,000 square feet for an annual cost of \$1.6 million and onetime cost of \$18,328,500. Has the USPS entered into a lease agreement that covers the above referenced 200,000 square feet?

- A. If your answer to the foregoing question is yes, please provide a copy of the lease agreement.
- B. Have the above referenced costs been accounted for in the overall savings projected for the consolidation of the Pocatello AMP to Salt Lake City?

RESPONSE

No.

- (a) Not applicable.
- (b) The proposed addition of capacity at Salt Lake City is also intended to accommodate several other consolidations (Rock Spring and Provo) into that location, not just Pocatello. No specific determination has been made yet regarding the method by which additional plant capacity will be secured in conjunction with these consolidations into Salt Lake City. Accordingly, the Pocatello AMP package does not reflect any Salt Lake City facility purchase, lease or retrofit costs.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CITY OF POCATELLO INTERROGATORY**

CPI/USPS-4: What consumer attrition rate does the USPS project will result from the AMP consolidation and proposed closures, specifically in Pocatello and Chubbuck, Idaho?

- A. How have the costs associated with the attrition been accounted for in the Pocatello AMP Summary?
- B. What consumer attrition rate does the USPS project will result from the AMP consolidation across the U.S.?
- C. How have the costs associated with this attrition been accounted for in the overall nationwide savings as stated by Mr. Donahoe?

RESPONSE

(a-c) Please see USPS-T-11 and USPS-T-12. The Postal Service has not conducted facility-specific market research designed to isolate the "consumer attrition rate" that would result from changes in service within the service areas of individual mail processing facilities. If the Mr. Donahoe alluded to in part (c) is the Postmaster General, then his references to a net \$2.1 billion financial benefit associated with the service change initiative would, consistent with USPS-T-2, reflect consideration of the "attrition" estimated in USPS-T-12 on the basis of USPS-T-11.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CITY OF POCATELLO INTERROGATORY**

CPI/USPS-8: Please explain why the USPS considers a reduction of service levels without a reduction of postage costs to have a fair and equal impact on "rural America" as compared to larger metropolitan areas such as Salt Lake City, Utah.

RESPONSE

The Postal Service regards the service change proposals to be fair because they do not target residents of such metropolitan areas as Salt Lake City for different service changes than residents of any other parts of the country, whether those other parts, on the basis of any reasonable set of definitions, are designated as "urban" or "suburban" or "rural." Postal services currently do not have an equal impact on all 300,000,000+ postal customers. Postal services are not available on a perfectly equal basis to all 300,000,000+ postal customers. Accordingly, it is not expected that the proposed changes in service will affect all customers equally or equalize their access to such services. Individual impacts can vary on the basis of a host of factors, including one's mailing and mail receipt profiles, one's proximity to a retail facility or the closest remaining mail processing plant after consolidation, and not simply on the basis of whether one resides in a rural or suburban or urban location.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CITY OF POCA TELLO INTERROGATORY**

CPI/USPS-16: Please state how many employees remain without positions from the consolidation of the Twin Falls, Idaho AMP?

- A. Of those employees, what is the expected timeline projected to place all of these employees?
- B. What is the average monthly cost per employee until placement is found?
- C. How was this cost accounted for in the Twin Falls AMP Study?

RESPONSE

The Twin Falls consolidation is not within the scope of the network rationalization initiative being pursued in support of the service changes proposed in this docket. See USPS Library Reference N2012-1/NP12. Accordingly, it does not form a basis for the mail processing and transportation cost savings estimates presented by the Postal Service in this docket. It cannot be determined how many employees may remain without positions from any particular AMP consolidation and what the associated costs might be until personnel placement options have been exhausted in accordance with applicable policies and collective bargaining agreements. See generally USPS-T-8.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CITY OF POCATELLO INTERROGATORY**

CPI/USPS-17: Please state the projected timeline for placing the employees left in Pocatello without positions after the consolidation?

- A. Of those employees, what are the projected costs?
- B. How were those costs accounted for in the Pocatello AMP Study?

RESPONSE

Please see USPS-T-8 and the response to CPI/USPS-16. It is not yet known when the Pocatello consolidation will be implemented. It cannot be known specifically how many, if any, Pocatello employees will remain without positions after the consolidation is implemented and after all available placement options consistent with applicable postal policies and collective bargaining agreements have been exhausted. Accordingly, there presently is no basis for projecting the timing and associated costs. The AMP review process does not attempt to and cannot measure all implementation costs that are associated with the numerous intertwined personnel decisions that result from a plant consolidation. Many such costs cannot be determined until after specific personnel determinations are made and implemented. Accordingly, Postal Service policy is to conduct two post-implementation reviews of each AMP.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO GREETING CARD ASSOCIATION INTERROGATORY
REDIRECTED FROM WITNESS ROSENBERG**

GCA/USPS-T3-41

In your answer to GCA/USPS-T3- 9. (c), you state that it was realized "that mailers may be able to enter prior to the initiation of DPS processing[.]" To clarify your response, please answer the following questions.

- (a) Please confirm that in the clause quoted above, "mailers" refers only to Pre-sort mailers. If you do not confirm, please explain the scope of the term "mailers" as you used it in your answer.
- (b) Did the feedback and comments referred to in your response include any views or discussion of Single-Piece mail? If so, please describe any such views or discussion of which you are aware.
- (c) If your answer to (a) was to confirm that Presort mailers are considered able to enter prior to initiation of DPS processing, please explain why collection mail, such as local mail, could not be entered at a similar time, for example by adjusting pickup times as necessary?
- (d) If Presort bureaus can pick up and sort collection mail as well as bulk mail on Monday and submit it to USPS on Monday prior to initiation of DPS processing, why could not the Postal Service deal similarly with collection mail under the proposed plan?

RESPONSE:

- (a-c) [Responses provided by witness Rosenberg.]
- (d) It is not clear whether the presort bureaus alluded to in the question operate collection systems that, combined, cover as much geographical area or as many collection points as the Postal Service does or what their collection frequencies may be. Nor is it clear from the question whether the presort bureau collection times and routes accommodate only specific commercial customers or the mailing habits of the public at large throughout the service area of each postal Sectional Center Facility. Accordingly, it is not clear on what basis other than a hypothetical one for purposes of this question that

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO GREETING CARD ASSOCIATION INTERROGATORY
REDIRECTED FROM WITNESS ROSENBERG**

RESPONSE to GCA/USPS-T3-41 (continued)

the Postal Service should assume that Presort bureaus now provide or, under the new postal network, would or could provide a level of morning collection service that approached being regarded as universal.

See the response of witness Neri to GCA/USPS-T4-24. Even assuming the Postal Service could establish a morning collection Day Zero Critical Entry Time for overnight single-piece First-Class Mail service based on its ability to initiate DPS processing of such collection mail on the day it was collected, there remains the unexamined question of the general impact on customers of shifting from what could be regarded as the traditional late afternoon CET to an early morning CET in order to obtain overnight single-piece First-Class Mail. If mailers who currently produce mail for deposit later in the day simply continue that practice in the hypothetical morning CET scenario in the new network, their mail would not be picked up until the CET the next morning. If DPS processing is initiated the day of pickup, the mail would be delivered the day after pickup, which would be two days after deposit.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO GREETING CARD ASSOCIATION INTERROGATORY
REDIRECTED FROM WITNESS ROSENBERG**

GCA/USPS-T3-44

In GCA/USPS-T3-12 (c) and (d), the intent of the questions was to postulate a service standard change *only* for the late-arriving mail, with other mail being handled under the current standard. Your answers appear to assume that the question postulated no service standard change for any mail. With this clarification in mind, please answer questions (c) and (d), or redirect the question to an appropriate witness.

RESPONSE

The First Class Mail service standard matrix reflects relationships between origin 3-digit ZIP Codes and destination 3-digit ZIP Codes. Assume end-to-end network First-Class Mail with a 1-day service standard arrives on Day 1 at 1 AM to the destination processing plant. In today's environment, the mail is processed for delivery the same that that it arrived at the destination processing plant (Day 1 delivery).

The question postulates that some of this mail should be held and processed for Day 2 delivery. This violates the 3-digit ZIP Code to 3-digit ZIP Code First-Class Mail service standard, as all volume from one 3-digit ZIP Code to another has the same service standard. To abide by this rule, the 3-digit ZIP Code pair would need to take on the maximum service days to delivery.

For example:

Day 0 (prior to CET): A First-Class Mail letter is entered in a collection box.

Day 0: The letter is cancelled (in general until about 9:30 PM).

Day 0: The letter receives outgoing sort.

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO GREETING CARD ASSOCIATION INTERROGATORY
REDIRECTED FROM WITNESS ROSENBERG**

RESPONSE to GCA/USPST3-44 (continued)

Day 1: Dispatch of value to destination plant (~1:30 AM, earlier trips may have transported mail that finished processing earlier in the evening)

Day 1: Arrive destination plant after 01:30 AM,

Question proposed this volume is delivered Day 2

Currently, this volume delivered Day 1

Based on questions, all origin-destination ZIP Code pairs would need to be downgraded to a 2 day First-Class Mail service standard, since the start the clock for all pieces is the same.

**INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORY
REDIRECTED FROM WITNESS NERI**

NAPM/USPS-T4-4. Please refer to page 16 of your testimony where you state, “[p]resorted 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.” And to page 18 where you further state, “[u]nder the proposal, earlier critical acceptance times (“CATs”) would be established for mailings entered at BMEUs to align with revised critical entry times (“CETs”) at mail processing facilities. Earlier acceptance and entry times would allow committed mail to reach the destinating processing facility in time to enable earlier and expanded mail processing.”

- a. Please provide a detailed description of the Customer Acceptance Times (CAT) for mail entered at a co-located BMEU.
- b. Please provide a detailed description of the CATs for mail entered at BMEUs that are not co-located.
- c. Please confirm whether the CATs for the non-co-located BMEUs will be moved to earlier in the day for mailings presented and subsequently transported by the USPS to the origin facility. If confirmed, please provide a detailed description of the CATs for this mail. If not confirmed, please explain fully the acceptance through induction process for commercial mailings.
- d. Please confirm whether the BMEUs will remain open later for mailers and mail service providers that chose to present the mailing and transport it themselves (using a Form 8017) to the processing facility in time to meet the CET. If confirmed, please provide a detailed explanation of the proposed operating schedule. If not confirmed, please explain fully the acceptance through induction process for commercial mailings.
- e. Please confirm whether the Postal Service will continue to transport mail from local mail acceptance points to USPS processing facilities. If confirmed, please provide a detailed explanation of the expected CAT times by product for mail transported by the Postal Service. If not confirmed, please explain fully the acceptance through induction process for commercial mailings.

RESPONSE:

- a) Unless otherwise explained by Postal Service witnesses in their testimony (e.g. USPS-T-7 at 5 and USPS-T-1 at 23-24), the Postal Service anticipates the CAT for next-day-delivery would be 08:00 for First Class Mail (FCM) prepared to the local SCF level and 12:00 (noon) for FCM prepared to the local 5-digit level. The 2&3-Day FCM at co-located Bulk Mail Entry Units is

**INSTITUTIONAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO NATIONAL ASSOCIATION OF PRESORT MAILERS INTERROGATORY
REDIRECTED FROM WITNESS NERI**

anticipated to be 18:00. The CAT For 2&3 Day FCM is established to meet the window of operation for outgoing mail at the host mail processing site.

- b) Unless otherwise explained by Postal Service witnesses in their testimony (e.g. USPS-T-7 at 5 and USPS-T-1 at 23-24), the Postal Service anticipates the CAT for 2&3-Day FCM at non co-located Bulk Mail Entry Units to be 15:00. The CAT is necessary to allow travel time to meet the window of operation for outgoing mail at the host mail processing site. There will be no availability of next-day-delivery at a non co-located BMEU.
- c) See the responses to subparts (a) and (b).
- d) The Postal Service is currently evaluating whether it will need to change BMEU hours based on mailers' needs. This evaluation will also determine whether later acceptance will be necessary. See also the response to NAPM/USPS-T7-8(b) and (d).
- e) The Postal Service will continue to transport mail from local mail acceptance points to USPS processing facilities in the near term. See also the responses to subparts (a), (b), and (d).

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE TO
NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-3. Please explain what costs are included in the average relocation cost of \$5,831 (APWU/USPS-T8-2), including in your answer whether this includes such items as paid time off, mileage, per diems, moving expenses, assistance in closing costs, etc.

RESPONSE:

The following costs are included:

- closing costs related to the sale of an employee's previous home and the purchase of a new home;
- costs associated with transporting an employee and his or her family from the previous residence to the location of the employee's new duty station (referred to as "en route travel");
- round-trip transportation costs associated with an employee's trip for the purpose of seeking a permanent residence or mobile home site at his or her new duty location (referred to as "advanced round trip");
- rental costs for a temporary residence (referred to as "temporary quarters");
- costs associated with moving personal items from the previous residence to a new residence (e.g., furniture, appliances, equipment, clothing, and similar property);
- reimbursement for charges paid by an employee for breaking a lease, including a month-to-month rental lease, on a residence the employee occupied at an old duty station, up to a maximum amount of six months rent; and

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE TO
NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

RESPONSE TO NPMHU/USPS-3 (CONT.):

- a Miscellaneous Expense Allowance that is intended to cover incidental relocation expenses not listed above (e.g., deposits, costs for obtaining a new driver's license).

**INSTITUTIONAL RESPONSE OF UNITED STATES POSTAL SERVICE TO
NATIONAL POSTAL MAIL HANDLERS UNION INTERROGATORY**

NPMHU/USPS-5. With respect to all facilities in which the AMP study announced on February 23 stating that the facilities will be operated as a transfer hub, please provide all calculations used to determine the number of work hours, and the schedule of work hours, that will be required to operate the hub.

RESPONSE:

Details associated with the hub proposals in the various AMP packages has not yet been undertaken. Such analysis is ordinarily undertaken during implementation and accounted for during Post Implementation Reviews (PIRs).

See Tr. Vol. 2 at 270-271, 279-280 and Tr. Vol. 5 at 2030-2032.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-1

Please provide all documents or correspondence relating to the proposed changes at issue in this docket sent to or from the Postal Service to or from the President, White House offices, United States Senators, Members of the United States House of Representatives, their offices, Committees, Sub-Committees, and staff members concerning, dated between January 1, 2011 and December 15, 2011. Duplicate copies of form responses need not be produced.

RESPONSE

See USPS Library Reference N2012-1/84.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-3

Please provide all presentations or training materials given to Postal Service regional or local managers by headquarters concerning the proposed network rationalization.

RESPONSE

See USPS Library Reference N2012-1/88.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-5

Please confirm, or explain if you are unable to confirm, that the Postal Accountability and Enhancement Act (PAEA) P.L. 109-435, HR 6407, December 20, 2006, among other provisions relating to financing and labor:

- a. established a legal framework allowing increased flexibility in Postal Service pricing and business operations, tempered by the establishment of modern service standards, increased transparency, and an enhanced regulatory commission;
- b. created an inflation-based price cap to control postal rates on market dominant classes of mail; and
- c. mandated the creation of objective service standards that, among other goals, preserve regular and effective access to postal services in all communities.

RESPONSE

- (a) It is the view of the Postal Service that title 39 establishes a legal framework for the operation of the United States Postal Service and the Postal Regulatory Commission, that it summarizes the respective responsibilities and powers of each agency; and addresses such matters as pricing of postal products, postal operating policies, modern service standards, as well as access to and reporting of postal costing and service information.
- (b) Yes. See the full text of 39 U.S.C. § 3622(d).
- (c) Yes. See the full text of 39 U.S.C. § 3691(b)(1)(B).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-6

Please explain, from the Postal Service's perspective, the relationship between the inflation-based price cap on market dominant classes of mail and the modern service standards implemented after consultation with the Postal Regulatory Commission.

- a. Does the Postal Service contend the lack of a productivity factor¹ negates any quantifiable relationship between service standards and the price cap?
- b. Does the Postal Service believe, under the current legal framework, that a reduction in service quality for a class of mail, an implicit increase in price, could be inconsistent with the price cap?

¹ The term productivity factor, as used in this interrogatory, refers to the "X" factor in the following price cap regulation equation: $\frac{P_t}{P_{t-1}} \leq \Delta + X$, where P_t is the maximum a service provider may charge for service in year t, Δ is the change in inflation (in the Postal Service's case the 12 month change in CPI-U), X is an efficiency factor that provides a penalty for failing to meet service (or other efficiency) standards, and Z is a possible exigent-rate adjustment

RESPONSE

The Postal Service has submitted a request for an advisory opinion on whether the proposed changes in service comport with applicable *service* policies of title 39. The Postal Service is aware of no legislative intent to meld the service change advisory review process in section 3661 with the separate process in section 3622 for the review of application of the market-dominant product price cap. The Postal Service observes that, as a part of section 3622 review, the Commission is directed to consider such factors as

the need for the Postal Service to increase its efficiency and reduce costs, including infrastructure costs, to help maintain high quality, affordable postal services.

See 39 U.S.C. § 3622(c)(12). Some future section 3622 docket would be an appropriate forum for discussing how to assess the impact on inflation-capped postal prices of service changes implemented in order to increase efficiency, reduce costs, and maintain availability of high quality, affordable postal services.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-7

Has the Postal Service quantified, in terms of price or cost to users of the mail, the reduction in service the Postal Service proposes in its December 15, 2011 Federal Register notice explaining potential changes to 39 CFR Part 121? [Service Standards for Market-Dominant Mail Products, Proposed rule," 76 Federal Register 241 (December 15, 2011), pp. 77942-77950] If so, please provide any documents detailing such quantification.

RESPONSE

No.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY**

PR/USPS-8

Please describe the Postal Service's methods or plans in place to address and rectify noncompliance with the service standards promulgated in 39 CFR Part 121.

- a. Please identify and provide any documents identifying or developing contingency plans for the Postal Service in the event that the new mail processing network, as described in the proposal and on the Postal Service's website, is not sufficient to achieve the modified service standards.
- b. If there are no documents identifying or developing such plans, does the Postal Service view service standard compliance as a local issue to be handled by managers at the local level?

RESPONSE

- (a-b) The AMP post-implementation review process in USPS Handbook PO-408 helps in assessing whether operational and service expectations associated with particular facility consolidations are being achieved. By constantly monitoring and diagnosing operations and service performance outside of the PIR process tomorrow at least as vigorously as it does today, the Postal Service will be able to gauge whether future service failures are transitory local phenomena or require systemic adjustments to mail acceptance, processing, transportation or delivery operations on a local basis or a broader scale. The postal network is not static and is always subject to local adjustments in response to local circumstances or network requirements. There are no generic contingency plans for making such adjustments. Management at all levels of the organization shares responsibility for service performance. Accordingly, managers at the District, Area and Headquarters level will be accountable and monitoring implementation to solve operational and service issues that arise.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY
REDIRECTED FROM WITNESS ROSENBERG**

PR/USPS-T3-30

Please refer to page 18 of your testimony. You state that "equipment square footage (which includes space for aisles and staging) was inflated by an additional twenty percent to ensure there was adequate staging room under this new concept when all volume is available at the start of the windows."

- a. Please estimate the average share of equipment square footage that is currently devoted to staging.
- b. Please estimate the average share of equipment square footage that is currently devoted to non-staging purposes (for example, holding mail for future processing).

RESPONSE

The USPS Handbook, AS-504, is used for facility planning purposes. It provides the Workstation Unit (WSU) for automation equipment as well as the associated staging space required per WSU. For letter and flat automation, the staging space estimate is 15 percent of the WSU. For parcels, the estimate is 20 percent.

- a. It is estimated that 14 percent of total workroom square footage is used for staging and other miscellaneous operations (excluding equipment and aisle space) in our current mail processing facilities.
- b. The Postal Service lacks sufficient data with which to offer an estimate of the average share of space devoted to non-staging purposes.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY
REDIRECTED FROM WITNESS ROSENBERG**

PR/USPS-T3-31

Please identify all potential sources (for example, "originating mail that did not meet its clearance time) of mail that could require storage at a plant between the end of the last clearance time for outgoing primary sortation on day 0, and the beginning of their first sorting operation on day 1 or day 2 in the new network configuration.

RESPONSE

It is not the objective of the Postal Service to store mail, but to process it as received based on the operating window and sortation required. Some examples of mail that may need to wait to be processed are:

- originating mail that did not meet its clearance time.
- mailer DPS volume that arrives prior to the noon DPS start time
- network volume, such as incoming primary that may arrive on the cusp of day 0/day 1 because of the proximity of two plants.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PUBLIC REPRESENTATIVE INTERROGATORY
REDIRECTED FROM WITNESS ROSENBERG**

PR/USPS-T3-32

Please estimate the average and peak percent of equipment space that will be required for mail storage at the plant before the last mail must receive its first sort on day 1. Please provide the mean and peak percentages for each type of mail if available.

RESPONSE

Staging space was estimated based on the number of containers moving through the incoming operations. Mail piece volumes (used from the model) were converted to containers using standard container conversion rates. The numbers of containers were then converted to staging space to get an approximate square footage by facility. The staging space was calculated by converting volume from the 75th percentile day into container counts. The mean and peak staging were not calculated. The estimate of workroom floor space that was allocated for equipment versus staging space was not calculated. Instead, volume/container conversions were used to calculate staging space.