

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

DSCF STANDARD MAIL LOAD LEVELING

Docket No. N2014-1

**UNITED STATES POSTAL SERVICE RESPONSES TO QUESTIONS 1-3, 4A and B,
5C, 6, AND 8-10 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**
(January 31, 2014)

The United States Postal Service hereby provides its responses to the questions of Presiding Officer's Information Request No. 1 identified above, filed on January 24, 2014. Each question is stated verbatim and is followed by the response. The responses to Questions 1, 2, 4 subparts (a) and (b), and 5 subpart (c) are sponsored by witness Malone. The response to Question 3 is an institutional answer of the Postal Service, redirected from witness Malone. The response to Question 6 is an institutional answer of the Postal Service, redirected from witness Anderson. The response to Question 8 is sponsored by witness Anderson. The responses to Questions 9 and 10 are institutional answers of the Postal Service. Responses to Questions 4 subpart (c), 5 subparts (a) and (b), and 7 are forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel, Global Business & Service
Development

Kyle R. Coppin
Caroline R. Brownlie
James M. Mecone
Michael T. Tidwell

Laura Zuber

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998; Fax -5402

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

1. Please provide a table (similar to USPS-T-1, Table 1), showing the days of acceptance and expected delivery for DSCF Standard Mail assuming a Monday holiday (with no mail delivery) and the existing service standards. If it is necessary for the table to extend over 7 days to show all possible outcomes, clearly indicate the Monday that is assumed to be the holiday.

RESPONSE

Please see the table below.

Table 1: Current Days of Acceptance and Expected Delivery for DSCF Standard Mail with Monday non-Delivery Holiday (violet)												
DSCF Service Standards												
Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon-Hol	Tue	Wed	Thu
Before CET												
	Before CET											
		Before CET										
			Before CET									
				Before CET								
					Before CET							
						Before CET						
							Before CET					
								Before CET				
									Before CET			
									Before CET			

Yellow cells show the scope of the change requested under N2014-1
Blue rows show the mail potentially impacted by the Holiday

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

2. Please provide a table (similar to USPS-T-1, Table 1), showing the days of acceptance and expected delivery for DSCF Standard Mail assuming a Monday holiday (with no mail delivery) and the change in service standards associated with the Load Leveling Plan. If it is necessary for the table to extend over 7 days to show all possible outcomes, clearly indicate the Monday that is assumed to be the holiday.

RESPONSE

Please see the table below.

Table 1: Load Level Days of Acceptance and Expected Delivery for DSCF Standard Mail with Monday non-Delivery Holiday (violet)												
DSCF Service Standards												
Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon-Hol	Tue	Wed	Thu
Before CET												
	Before CET											
		Before CET										
			Before CET									
				Before CET								
					Before CET							
						Before CET						
							Before CET					
								Before CET				
									Before CET			

Yellow cells show the scope of the change requested under N2014-1
Blue rows show the mail potentially impacted by the Holiday

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1
REDIRECTED FROM WITNESS MALONE**

3. Library Reference USPS-LR-N2014-1/2, File: "LR-2 - SJ F2 Results-FINAL.xlsx", Worksheet: "Notes", Line: 9, states "[d]ue to volume fluctuations, the baseline week was scaled based upon [the] ratio of Total Delivered Volume between the 2 average week. The average baseline week Total Delivered Volume was 93.91% of the Total Delivered Volume in the average test week. Based upon this comparison, the hours in the average baseline week were increased prior to comparing them to the average test week's hours."
- a. Please confirm that the Postal Service adjusted the percentage of hours needed to deliver an approximate 6.49 percent increase in volume by approximately 6.49 percent.
 - b. Please confirm that the type of adjustment described in subpart "a" assumes the delivery time component is 100 percent volume variable.
 - c. Please explain whether adjusting the percentage of hours needed to deliver a set increase in volume assuming the Commission-approved delivery time volume variability factor will or will not produce a more representative result.
 - d. If using a volume variable delivery factor provides a more representative result, please reproduce the library reference using this factor.

RESPONSE

- a. Confirmed
- b. Confirmed
- c. Applying a variability is a way of capturing the characteristic of an increase in volume being associated with economies of density. However, there may be issues associated with applying a national, annual variability to weekly average volumes at a single facility. If the variabilities are applied, the office time variability should be applied to office hours and the street time variability should be applied to street hours.
- d. See library reference USPS-LR-N2014-1/17.

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

4. Library Reference USPS-LR-N2014-1/1, LR-1-Final.pdf, APPENDIX A – MAILER NOTIFICATION BLOG, states “[t]he USPS in concert with MTAC work group 157 (Load Leveling of volumes) will be conducting a two-week operations test at the South Jersey P&DC beginning with receipt of mail on September 12th through delivery of the mail on September 26th.” Appendix A identifies a contact person, telephone number, and an email address for questions regarding the test.
- a. Did mailers have the opportunity to opt out of the South Jersey operations test? If so, by what means could they opt out?
 - b. If mailers were allowed to opt out of the South Jersey operations test, what percentage of the DSCF Standard Mail entered at the South Jersey Plant was included in the test?

RESPONSE

- a. No. The South Jersey Operations Test included all DSCF Standard Mail dropped at the South Jersey SCF.
- b. Not applicable.

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

5. Assume for the purpose of this question that a low volume mailer is one that enters mail utilizing DSCF Standard Mail and mails fewer than 100,000 DSCF Standard Mail pieces per year.

* * * * *

c. Have low volume mailers expressed any concerns to the Postal Service either through MTAC, the Postal Service's Federal Register notice, or otherwise regarding the Load Leveling Plan, and if so what were those concerns?

RESPONSE

c. No mailer that expressed concerns to the Postal Service identified itself as a "low volume mailer." Please see USPS Library Reference USPS-LR-N2014-1/12 for information concerning the comments provided in response to the Federal Register notice.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 1
REDIRECTED FROM WITNESS ANDERSON**

6. The following question concerns the service performance delivery target for DSCF Standard Mail currently subject to a 3-day service standard entered at the South Jersey Plant.
- a. Please confirm the Postal Service has a target of 90 percent for meeting its on-time delivery standard for DSCF Standard Mail.
 - b. What percentage of DSCF Standard Mail processed by the South Jersey Plant met or exceeded its service performance on-time delivery target utilizing the proposed service standards over the span of the load leveling study (please provide this data for each day of the week if available)?
 - c. What percentage of DSCF Standard Mail processed by the South Jersey Plant met or exceeded its service performance on-time delivery target for the week immediately preceding the load leveling study (please provide this data for each day of the week if available)?
 - d. What percentage of DSCF Standard Mail processed by the South Jersey Plant met or exceeded its service performance on-time delivery target for the week immediately following the load leveling study (please provide this data for each day of the week if available)?

RESPONSE

- a. For fiscal year 2013, the Postal Service target for meeting its on-time delivery standard for DSCF Standard Mail was 90 percent. For fiscal year 2014, the Postal Service target for DCSF Standard Mail is 91 percent. The South Jersey Operations Test was conducted in fiscal year 2013, from September 11, 2013 to September 26, 2013; therefore, the applicable target was 90 percent.
- b.-d. Please see library reference USPS-LR-N2014-1/NP5 for service performance measurements, by day, for the week immediately preceding the South Jersey Operations Test, the weeks during test, and the week immediately following the test.

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

8. Witness Anderson states (USPS-T-2 at 3-4) that the South Jersey Operations Test increased productivity. Please provide all quantitative data that support the statement regarding the increased productivity (disaggregated by mail processing, transportation, and delivery operations, if possible).

RESPONSE

Earlier statements that the South Jersey Operations Test improved productivity are based on anecdotal summaries, included as an attachment to the Postal Service's Response to PR/USPS-T2-3a-b, and quantitative data sponsored by Witness Malone in library references USPS-LR-N2014-1/2 and USPS-LR-N2014-1/NP3.

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

9. Please explain why a six week base period was chosen to evaluate potential delivery and mail processing savings at the South Jersey Plant, rather than one spanning a greater period of time. See *e.g.*, Postal Service Response to PR/USPS-T2-3 (A) & (B), Attachment at A-5.

RESPONSE

In evaluating the selection of a baseline period to use, the Postal Service looked at various possible time periods. Impacting the potential selection was the consolidation of Delivery Distribution Center (DDC) activities from the Pleasantville NJ DDC, Hurricane Sandy, Christmas operations, and the development and implementation of Lean Mail Processing (LMP) activities and improvements in the South Jersey P&DC. These impacts caused most of the weeks from August of 2012 through July of 2013 to be skewed. Going back to a time period more than one year prior to the test would skew data simply because of operations changes and volume losses that have transpired. As a result, the Postal Service was able to verify that the period starting in August 2013 did not have any other potential impacts which would skew the analysis. The baseline period was selected beginning with the first full processing week in August up until the beginning of the test, excluding the holiday week. The same time period was selected for the comparison of both Mail Processing and Delivery activities.

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

10. Please provide a table comparing city carrier delivery hours, overtime hours, and volumes at the South Jersey plant for each month in calendar year 2012 to each month in 2013.

RESPONSE

Month	Calendar Year 2012			Calendar Year 2013		
	CC Delv Hrs	CC OT Hrs	CC Delv Vol	CC Delv Hrs	CC OT Hrs	CC Delv Vol
January	171,644	18,153	60,991,675	195,607	24,529	58,983,601
February	167,526	17,882	55,250,432	178,740	24,339	52,724,353
March	189,534	21,264	62,823,037	202,073	24,409	60,575,558
April	174,592	19,742	57,792,372	203,634	21,751	58,301,388
May	180,056	22,066	57,635,835	206,846	19,421	56,619,159
June	180,616	24,608	56,202,967	199,100	17,283	52,313,750
July	175,976	31,173	53,291,264	207,035	23,982	53,444,094
August	195,410	36,424	55,800,280	216,373	27,420	56,543,025
September	184,852	29,569	57,221,183	198,460	19,136	57,439,376
October	195,314	28,694	63,841,167	218,957	20,349	66,660,133
November	196,349	36,691	63,956,649	205,669	25,662	63,390,022
December	200,802	32,232	61,804,054	218,804	32,200	60,142,138