

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

ANNUAL COMPLIANCE REVIEW, 2015

Docket No. ACR2015

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-10 OF CHAIRMAN'S INFORMATION REQUEST NO. 15

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 15, issued on February 18, 2016. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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1. In its FY 2014 Annual Report, the Postal Service states that the Voice of the Employee (VOE) survey participation rate for non-career employees was over 70 percent.<sup>1</sup> Please provide:
  - a. The FY 2014 overall VOE survey participation rate (including career and non-career employees);
  - b. The FY 2014 VOE survey participation rate for career employees;
  - c. Reasons for any differences in the VOE survey participation rates between career and non-career employees in FY 2014; and
  - d. The time periods during FY 2014 the VOE survey was administered.

**RESPONSE:**

- a. The overall survey response rate for career and non-career employees for the VOE survey was approximately 53 percent. Because the surveys for non-career employees and career employees were treated as two separate surveys, administered in different time periods, with different sampling strategies, the exact number cannot be determined.
- b. The 2014 response rate for career employees was 51 percent.
- c. Due to the anonymity of employee participation, there is no way to determine why specific groups of employees have variable rates of participation.
- d. The FY 2014 VOE survey was administered once each quarter as follows: quarter 1, from October 23 through November 18; quarter 2, from January 22 through February 18; quarter 3, March 23 through April 19;

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<sup>1</sup> United States Postal Service 2014 Annual Report to Congress at 40; see Docket No. ACR2014, Library Reference USPS-FY14-17, December 29, 2014.

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quarter 4, July 23 through August 18. Non-career employees were surveyed in only quarters 3 and 4.

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2. Please provide the following information:
- a. The FY 2015 Postal Pulse survey response rate for career employees;
  - b. The FY 2015 Postal Pulse survey response rate for non-career employees;
  - c. Reasons for any differences in the Postal Pulse survey response rates between career and non-career employees in FY 2015; and
  - d. The time periods during FY 2015 the Postal Pulse survey was administered.

**RESPONSE:**

- a. The 2015 Postal Pulse survey response rate for career employees was 46 percent.
- b. The 2015 Postal Pulse response rate for non-career employees was 49 percent.
- c. Due to the anonymity of employee participation, there is no way to determine why specific groups of employees have variable rates of participation.
- d. The Postal Pulse was administered only once in 2015. It was available for completion from March 16, 2015 through April 3, 2015.

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3. In its responses to CHIR No. 3, the Postal Service states, "Because [t]he Postal Pulse is purely a measure of Employee Engagement (as compared with the VOE, which measured engagement and satisfaction), the scores cannot be directly compared.<sup>2</sup> However, in the FY 2015 Annual Report, the Postal Service states that for the FY 2015 Postal Pulse survey, "[t]he grand mean engagement score result was 3.16 on a scale of 1 to 5. These results equate closely to the overall response rate and favorability ratings of our FY2014 end-of-year VOE survey results." See FY 2015 Annual Report at 19.
- a. Please elaborate on how the Postal Pulse survey results "equate closely to the overall response rate and favorability ratings" of the FY 2014 end-of-year VOE survey results. In the response, please provide the referenced "overall response rate and favorability ratings" of the FY 2014 VOE end-of-year survey results.
  - b. Please specify which Postal Pulse and VOE survey questions were used to determine the favorability ratings. In the response, please explain which Postal Pulse survey questions "equate closely" to the VOE survey questions.
  - c. Please explain how the FY 2014 end-of-year VOE survey results differ from VOE survey results from other time periods during FY 2014.

**RESPONSE:**

- a. The response rate for the VOE survey in 2014 was 51 percent; this is only four (4) points above the Postal Pulse response rate, which was 47 percent. The VOE Index Score in 2014 was 65.01; this is moderately more than the midpoint of its scale of 0 to 100. The Postal Pulse index score was 3.16; this is moderately more than the midpoint of its scale from 1 to 5. These are numerical references only. It should be reemphasized that the VOE and Postal Pulse survey results cannot be directly

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<sup>2</sup> Responses of the United States Postal Service to Questions 1-6 of Chairman's Information Request No. 3, January 21, 2016, question 5c.

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compared. The two surveys and what they measure are completely different.

b. The following eight questions comprised the VOE Index.

| <b>VOE Index Questions</b>   |
|--|
| I understand how the work I do impacts the service that the Postal Service provides.   |
| I am confident in the ability of senior management to make the decisions necessary to ensure the future success of the Postal Service. |
| I receive information to perform my job safely.  |
| Rate your immediate supervisor on communicating regularly to keep you informed.  |
| Rate the quality of the service provided by your office/facility to your customers.  |
| I am aware of current business conditions facing the Postal Service.   |
| The Postal Service values diversity of backgrounds, talents and perspectives.  |
| I feel personally responsible for helping the Postal Service succeed as a business.  |

The content of the VOE Index questions themselves do not necessarily equate closely with the content of the Postal Pulse Index questions, listed below.

| <b>Postal Pulse Index Questions</b>  |
|--|
| I know what is expected of me at work.   |
| I have the materials and equipment I need to do my work right.                     |
| At work, I have the opportunity to do what I do best every day.                    |
| In the last seven days, I have received recognition or praise for doing good work. |
| My supervisor, or someone at work, seems to care about me as a person.             |
| There is someone at work who encourages my development.                            |
| At work, my opinions seem to count.  |
| The mission or purpose of my company makes me feel my job is important.            |
| My fellow employees are committed to doing quality work.                           |
| I have a best friend at work.  |
| In the last six months, someone at work has talked to me about my progress.        |
| This last year, I have had opportunities at work to learn and grow.                |

c. The quarterly VOE survey only represents a portion of the employee survey population in quarters 1 through 3 of FY 2014. In quarter 4, the Postal Service was able to obtain the year-to-date survey results for the

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entire survey population. Because only portions of the employee survey population were captured in previous survey administrations, the Postal Service transitioned to a census administration model in 2015. The new model allows the Postal Service to survey all employees simultaneously and provides a truer picture of the workplace environment.

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4. Please refer to Library Reference USPS–FY15–33, December 29, 2015, Excel file “DeliveryPointsFY2015.xlsx,” tab “Notes.” The “Notes” tab states, “[i]n fiscal year 2014, the Postal Service began reporting residential and business sidewalk delivery points under their own categories titled ‘Active Res Sdwk’ and ‘Active Bus Sdwk’ respectively. In addition, there is a new tab titled ‘Sdwk,’ which reports the number of potential residential and business sidewalk delivery points.” However, the delivery point numbers in the “Sdwk” tab are identical to the delivery point numbers in the “Beginning FY 2015” and the “End FY 2015” tabs.
- a. Please explain how the “Sdwk” tab reports the number of potential residential and business sidewalk delivery points. Please provide an updated Excel file if necessary.
  - b. Does the “End FY 2015” tab contain auxiliary routes delivery points? If not, please explain why not and file a revised FY 2015 delivery points file that includes auxiliary routes delivery points.
  - c. Please explain why the total number of delivery points in Library Reference USPS–FY15–33 increased by about 2.5 million delivery points from FY 2014 to FY 2015.<sup>3</sup>
  - d. Please reconcile the differences between the total number of delivery points in Library Reference USPS–FY15–33 and the total number of delivery points in the FY 2015 Annual Report, which shows a smaller increase of about 1.06 million delivery points between FY 2014 and FY 2015. See FY 2015 Annual Report at 26.

**RESPONSE:**

- a. As the question implicitly suggests, in the original “DeliveryPointsFY2015” Excel file included in USPS-FY15-33, there was a disconnect between the description in the Notes tab and the actual information in the “SDWK” tab. (The “SDWK” tab provides the count of addresses maintained in the Address Management System (AMS) database where the address is marked as a

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<sup>3</sup> Compare Library Reference USPS-FY15-33, Excel file “DeliveryPointsFY2015.xlsx,” tab “End FY 2015” with Docket No. ACR2014, Library Reference USPS-FY14-33, Excel file “DeliveryPointsFY2015.xls,” tab “End FY14.”

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“Sidewalk” delivery point.) A new Excel file is electronically attached to this response in which the discrepancy has been eliminated. In the new file, to be consistent with the type of information routinely provided in the Annual Report, all of the delivery point data reflect Possible deliveries. Thus, the data in the SDWK tab reflect the total count of “Possible” delivery points bearing the Sidewalk designation. A “Possible” delivery is defined as an address that is either currently receiving mail (i.e., an Active delivery point), or is not currently receiving mail delivery but could become an “Active” delivery at any point in time. The updated Excel file shows the count of Possible delivery points that existed on the second Saturday of October 2014 (representative of the end of FY14 and the start of FY15) and the second Saturday of October 2015 (representative of the end of FY15). These are the dates upon which snapshots of the AMS data were made and are available. Unfortunately, due to the dynamic nature of the database, no similar snapshots (with the full amount of disaggregated data necessary) are available for September 30, 2014 and September 30, 2015.

b. Apparently the tab “EOFY15” in the original Excel file did not contain auxiliary route data, but the updated Excel file contains a count of Possible delivery points for all delivery route types, including auxiliary routes.

c. The total number of delivery points was not correctly tabulated in USPS-FY15-33. A revised tabulation is provided in the “Notes” tab of the updated Excel file which shows total delivery points increased on net by 1.05 million.

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d. As explained in the above response to part c of this question, in the updated Excel file, the revised count of the net increase in total delivery points is tabulated at 1.05 million. This is essentially the same as the FY 2015 Annual Report value of 1.06 million. The minor difference between the two values is attributed to differing dates the information was compiled, one being compiled as of the last full week prior to the first day of October, and the other being compiled from the data that existed on the second Saturday of October. While the value in the Annual Report may be a slightly better estimate of the change in the number of delivery points specifically within FY 2015, that value cannot be disaggregated to show the more detailed components of the change along the various dimensions that are presented in the attached Excel file.

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5. In Docket No. ACR2014, the Postal Service stated that the FY 2015 target for new centralized delivery points is 112,721.<sup>4</sup>
- a. Please provide the number of new centralized delivery points in FY 2015.
  - b. Please provide the FY 2016 target for new centralized delivery points. If the Postal Service did not set a FY 2016 target, please explain why.

**RESPONSE:**

- a. The number of new centralized delivery points (i.e., Directed Mode) in FY 2015 was 1,664,826.
- b. The target for FY 2016 for new centralized delivery points (i.e., Directed Mode) is 1,127,210.

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<sup>4</sup> Docket No. ACR2014, United States Postal Service Responses to Questions 8, 11, and 15-19 of Chairman's Information Request No. 13, March 19, 2015, question 15c.

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6. In Docket No. ACR2014, the Postal Service stated that the FY 2015 target for the number of existing door-to-door delivery points converted to centralized delivery is 81,988. *Id.* question 15b.
- a. Please provide the number of existing door-to-door delivery points converted to centralized delivery during FY 2015.
  - b. Please provide the FY 2016 target for the number of existing door-to-door delivery points converted to centralized delivery. If the Postal Service did not set a FY 2016 target, please explain why.

**RESPONSE:**

- a. During FY 2015, the number of existing door-to-door delivery points converted to centralized delivery was 71,959.
- b. The target for the number of existing door-to-door delivery points to be converted to centralized delivery in FY 2016 is 70,634.

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7. In FY 2015, the Postal Service states it “achieved a total of 122,025 voluntary conversions — 86,268 residential and 35,757 business.” FY 2015 Report at 48.
- a. Please break down the 86,268 residential delivery points by delivery type before conversion (e.g., curblines, sidewalks, door-to-door) and after conversion.
  - b. Please break down the 35,757 business delivery points by delivery type before conversion (e.g., curblines, sidewalks, door-to-door) and after conversion.

**RESPONSE:**

- a. The break down for the 86,268 residential delivery points conversions (i.e., Mode Conversion) is as follows:
  - Converted from Other to CBU/centralized: 41,488.
  - Converted from Other to Curb: 44,780
  
- b. The break down for the 35,757 business delivery points conversions (i.e., Mode Conversion) is as follows:
  - ◆ Converted from Other to CBU/Centralized: 30,471.
  - ◆ Converted from Other to Curb: 5,286.

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8. In FY 2013, the Postal Service used three non-public performance indicators for competitive products (Priority Mail, Express Mail, and Parcel Select) to evaluate progress toward the Deliver High-Quality Services performance goal.<sup>5</sup>
- a. Please confirm that the Postal Service continues to use competitive products as performance indicators for the Deliver High-Quality Services performance goal.
  - b. If confirmed, please provide FY 2015 results and FY 2016 targets for the competitive products performance indicators.

**RESPONSE:**

- a. Confirmed.
- b. The requested information is provided under seal in the Preface to USPS-FY15-NP38.

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<sup>5</sup> Docket No. ACR2013, Review of Postal Service FY 2013 Performance Report and FY 2014 Performance Plan, July 7, 2014, at 7 n.15. In FY 2013, the Delivery High-Quality Services goal was called "Service (% on-time)."

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9. The Postal Service anticipates “that the remainder of the consolidations associated with this phase of our realignment plan [that began in January 2015] may impact the 21 partially consolidated facilities plus an additional 44 processing facilities that have been unaffected so far.” FY 2015 Annual Report at 21.
- a. Please specify how the 21 partially consolidated facilities and additional 44 processing facilities will be impacted.
  - b. Please also discuss whether and how the remainder of the consolidations may impact service, mail entry, customers, and products.
  - c. The Postal Service announced it would defer network consolidations to 2016.<sup>6</sup> Please provide the schedule for the remaining network consolidations. If a schedule has not been developed, please explain when the Postal Service anticipates setting the schedule.

**RESPONSE:**

- a. Each facility consolidation is unique with respect to several variables including specific mail types affected, mail volumes processed, and whether affected operations are originating or destinating in nature. Some of the 21 partially consolidated facilities made some, but not all, of their planned moves. No operations were moved in the 44 “unaffected” facilities.

More specifically, some of the 21 facilities moved originating operations, while others moved destinating operations. As a result, going forward, the impacts will be different for each of the 21 facilities

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<sup>6</sup> See <http://about.usps.com/news/electronic-press-kits/our-future-network/welcome.htm>.

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that were in varying stages of consolidation prior to the deferral of the implementation of the remainder of Phase 2.

The 44 facilities that were unaffected – had no consolidation activity prior to the deferral, also have plans for partial or full movement of originating and/or destinating operations, and will be impacted accordingly.

- b. The Postal Service does not anticipate any service performance degradation or negative customer impacts resulting from the remaining Phase 2 consolidations, beyond changes that conform service to the new service standards. The service area for a plant that gets consolidated (a losing facility) will assume the service standards of the gaining facility that takes responsibility for it. Specific information about service standard changes and the AMP process may be found at: <http://about.usps.com/streamlining-operations/area-mail-processing.htm>. Only a few of the Business Mail Entry Units associated with Phase 2 consolidations are expected to be relocated. These units are planned to be moved to existing Post Offices and in most cases, in close proximity to the original locations. Effective January 2015, in order to continue receiving Destination Sectional Center Facility (DSCF) discounts, mailers are

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required to enter mailings at an actual SCF (gaining facility). See 78 Federal Register 76535 (December 18, 2013).

- c. The Phase 2 consolidations remain in a deferred status at this time. Prior to resuming consolidation activities, the Postal Service will notify all stakeholders (including the Commission) in advance, so that affected mailers will have a reasonable time to make necessary adjustments in advance of implementation.

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10. Please refer to the FY 2016 Cross-Portfolio Performance Indicators in the Responses to CHIR No. 9, question 6.<sup>7</sup> Please provide a crosswalk linking each FY 2016 strategic initiative (Responses to CHIR No. 9, question 5b.) to the corresponding FY 2016 Cross-Portfolio Performance Indicator.

**RESPONSE:**

| <b>Cross-Portfolio Performance Indicators</b> | <b>CONTRIBUTING FY2016 STRATEGIC INITIATIVES</b>   |
|---|--|
| Total DRIVE Cost Savings (\$ Millions)        | Optimize Network Platform<br>Optimize Delivery Platform<br>Optimize Retail Platform<br>Build a World-Class Package Platform<br>Engage and Empower Employees<br>Contract Negotiations<br>Improve Safety Programs  |
| Total Work Hours Reduced (Millions)           | Optimize Network Platform  |
| Revenue (\$ Billion)                          | Accelerate Innovation to Maximize Revenue and Profit<br>Optimize Customer and Revenue Visibility<br>Leverage Technology and Data to Drive Business Value<br>Obtain PRC Approval for an Alternative Pricing Model |
| Composite Customer Insights Score             | Build a World Class Customer Care Process<br>Create a World Class Social Media Platform<br>Optimize Delivery Platform<br>Optimize Retail Platform<br>Leverage Technology and Data to Drive Business Value        |

With respect to the other strategic initiative in the ChIR No. 9, Question 5 response table, Corporate Succession Planning at this time is not part of any of the cross-portfolio metrics. It could, however, become part of one at some time in the future.

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<sup>7</sup> Responses of the United States Postal Service to Questions 1-6 of Chairman's Information Request No. 9, February 11, 2016 (Responses to CHIR No. 9).