

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

EVOLUTIONARY NETWORK DEVELOPMENT
SERVICE CHANGES, 2006

Docket No. N2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS
TO OCA INTERROGATORIES OCA/USPS-T2-4-6
(April 7, 2006)

The United States Postal Service hereby submits the response of witness Williams to the following interrogatories of the Office of the Consumer Advocate, filed on March 21, 2006: OCA/USPS-T2-4-6.

The interrogatories are stated verbatim and followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WILLIAMS TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T2-4. Please refer to USPS Library Reference N2006-1/8, "USPS Office of the Inspector General Audit Report – NO-AR-06-001," December 2005, at 8, observed that the AMP Guidelines do not "[f]ully address the criteria that are used to evaluate proposals and how the proposals are implemented." In Appendix D to the OIG Report, at 16, Letter dated December 1, 2005, from Paul Vogel, Vice President, Network Operations Management, and Thomas G. Day, Senior Vice President, Government Relations, in response to this criticism, VPs Vogel and Day write that the following criteria will be applied in AMP proposals:

To determine if implementation of an AMP is feasible, standardized data worksheets that evaluate the expected impacts are completed. These include worksheets that assess impacts such as:

- Impact 1: Costs and/or savings
- Impact 2: Annual work hours
- Impact 3: First-Class Mail service commitments
- Impact 4: Priority Mail service commitments
- Impact 5: Other mail class service commitments
- Impact 6: Domestic Mail Manual (DMM) labeling list changes
- Impact 7: Annual associated costs (maintenance, training, energy, space related costs, etc.)
- Impact 8: One-time associated costs
- Impact 9: Transportation
- Impact 10: Equipment relocation
- Impact 11: Remote encoding center (REC) operations
- Impact 12: The plans for space made available from the consolidation of operations.

Several of the standardized worksheets are included in Library Reference N2006-1/5, while others are not. Please explain why the following worksheets have been omitted from those provided for the 10 facilities included in LR-N2005-1/5.

- a. "Other" mail class service commitments, specifically Express Mail, Periodicals, Standard Mail, and Package Service. For each of the LR-N2005-1/5 facilities, provide worksheets showing impact on Express Mail, Periodicals, Standard Mail, and Package Service.
- b. DMM labeling list changes. Please provide these for each of the 10 facilities included in LR-N2005-1/5.
- c. The plans for space made available from the consolidation of operations. Please provide these plans for each of the 10 facilities included in LR 5.

RESPONSE

a-b. AMP Worksheet 8 under Service Commitments would explain any changes to services for mail classes other than First Class and Priority Mail. AMP

Worksheet 8 under Distribution Changes would indicate necessary changes

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RESPONSE to OCA/USPS-T2-4 (continued)

to DMM Labeling Lists. It was a common practice not to develop a Worksheet if it otherwise would reflect no changes.

- c. An analysis sheet was developed to evaluate space made available from operations consolidations after the evaluation of the 10 facilities included in USPS Library Reference N2006-1/5 were completed. Consolidations do not necessarily result in excess floor space. The transfer of equipment from Plant A to Plant B sometimes simply relieves a chronic overcrowding situation in Plant A,

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OCA/USPS-T2-5. Please refer to Library Reference N2006-1/8, "USPS Office of the Inspector General Audit Report – NO-AR-06-001," December 2005, at 8, voiced concern that the AMP Guidelines "have not been updated since 1995. . . . Without clear guidance, the ability to implement AMPs with minimal disruption is affected and may cause inconsistencies in using the process. Further, without specific guidance, delays in the disposition of facilities and equipment could occur."

- a. Do you agree with the statements quoted above? If not, why not?
- b. Please explain how the AMP guidelines were updated to address the OIG comments.

RESPONSE

- (a) Yes
- (b) AMP Worksheets and instructions were updated in 2004 and distributed for use with AMP Feasibility Study Analysis. In addition, several training classes were held for the area AMP coordinators and their peers from other area level functional departments, which included tools such as project management plans, AMP visual aids, AMP process flow charts, etc. Periodic AMP coordinator meetings and/or individual teleconferences continue.

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OCA/USPS-T2-6. Please refer to Library Reference N2006-1/8, "USPS Office of the Inspector General Audit Report – NO-AR-06-001," December 2005, at 11. The cited page contains a list of "lessons learned from previous consolidations." These are:

- Focusing on capturing savings and maintaining service.
- Developing proposed employee schedules early in the process.
- Using Microsoft project management software.
- Creating visual aids.
- Frequent meetings to facilitate communication.

Please explain in detail how you addressed each of these lessons in the current network redesign plan.

RESPONSE

A Microsoft project management plan AMP template was developed, which focused on planning and implementation tasks for the operations consolidations. Depending on the complexity of the AMP, move plans could be developed with site specific impacts surrounding the relocation of personnel, mail volume, and processing equipment. These impacts could be depicted in an AMP dynamics matrix visual aid. See the response to OCA/USPS-T2-5 regarding frequent cross-functional communication.