

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

EVOLUTIONARY NETWORK DEVELOPMENT
SERVICE CHANGES, 2006

Docket No. N2006-1

REVISED RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN
(DBP/USPS-33) [ERRATA]
(April 10, 2006)

The United States Postal Service hereby submits its revised response to the following interrogatory of David Popkin: DBP/USPS-33. The original response was filed on March 3rd. The original response to subpart (b) referenced a document that, at the time, was being created. That document now exists, is referenced in the revised response to subpart (b), and is attached. For convenience, the revised response to DBP/USPS-33 also includes the original responses to subparts (a) and (c) through (e). The revised response to DBP/USPS-33 filed today supersedes the original response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

Revised: April 10, 2006

DBP/USPS-33 The attachment to Witness Williams' testimony shows that a study is being conducted with respect to the Aberdeen SD CSMPC. The website www.postalnews.com shows a newspaper article apparently from the Aberdeen American News of February 24, 2006. This article contains a discussion of a meeting held on February 23rd by Clem Felchle. [a] Please confirm, or explain if you are unable to do so, that Clem Felchle is the District Manager of the USPS Dakota District. [b] At the meeting Mr. Felchle was requested to provide a hard copy of the answers provided. If such a written response is provided to any of the meeting attendees, please provide a copy. [c] Please confirm, or explain if you are unable to do so, the statements attributed in the article to Mr. Felchle that there are approximately 20,000 pieces of mail sent from Aberdeen to Sioux Falls, that approximately 15,000 pieces of mail are sent from Sioux Falls to Aberdeen, and that approximately 355 pieces of mail are sent from Aberdeen to Jamestown ND. [d] Please provide any other mail volume numbers that were provided at the meeting and did not appear in the newspaper article. [e] Please explain why this data was released based on the statement made on first page of Library Reference N2006-1/5.

RESPONSE

- (a) Confirmed.
- (b) The written response is attached.
- (c) The Postal Service can confirm that Mr. Felchle made statements at the meeting that were attributed to him in the newspaper article.
- (d) The Postal Service is unaware of any discussion of any other volume numbers at the meeting.
- (e) If the question assumes that the figures referenced in subpart (c) were disclosed contrary to postal policy and seeks to determine why such a disclosure could occur, the answer lies in the fact that the Postal Service is a large organization that employs hundreds of thousands of human beings who take countless actions every day, with the best of intentions. Ensuring that all such actions are in perfect compliance with postal policy is a challenge.

DAKOTAS DISTRICT MANAGER
CUSTOMER SERVICE AND SALES



March 10, 2006

The Honorable John Thune
United States Senator
320 S First Street, Ste 101
Aberdeen SD 57401-4168

Dear Senator Thune:

This is in follow up to the February 23 meeting held with you and local business mailers at which time you requested that I put in writing my answers to several questions that were raised by the Aberdeen business mailing community concerning the U.S. Postal Service's Area Mail Processing (AMP) feasibility study proposal for the Aberdeen SD originating mail processing operations.

Attached please find the requested questions and answers. Please let me know if I may be of assistance in other postal matters.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Felchle".

Clarion E. Felchle
District Manager

Attachment

**Q&As REGARDING THE AREA MAIL PROCESSING (AMP) FEASIBILITY STUDY OF
ABERDEEN SD ORIGINATING MAIL**

1. Why is the U.S. Postal Service conducting Area Mail Processing (AMP) feasibility studies like the one being done in Aberdeen, SD?

The Postal Service is continually looking for ways to improve productivity and increase efficiency. Our objective is to operate as efficiently as possible to ensure the Postal Service remains a viable organization well into the future and continues to provide universal mail service at reasonable rates. Since 1998, the Postal Service has experienced a steady decrease in First-Class Mail volume, due in large part to electronic diversion (i.e. faxes, e-bill pay, etc.) and the type of mail we handle is changing. As an example, since 2001, mail for Aberdeen city has dropped 1.3% for letter volume and 8.2% in flat volume. Nationally, as an organization, 2005 was the first year that the Postal Service processed more standard mail than first class mail.

2. Has the Postal Service performed other AMPs in the past?

Yes, several AMPs have been implemented in the past few years. In the areas surrounding Aberdeen the following AMPs have been implemented: Dickinson ND to Bismarck ND; Williston ND to Minot ND; Thief River Falls MN to Grand Forks ND; Detroit Lakes MN to Fargo ND; Watertown SD to Huron SD, Mitchell SD to Huron SD; and, currently the Postal Service is studying the feasibility of implementing an AMP of Sioux City IA to Sioux Falls SD.

3. Will Aberdeen SD lose its postmark?

The local Aberdeen Post Office will continue to provide an Aberdeen postmark for those customers that desire one. It is important to note that approximately only 14% of the 212 billion pieces of mail the Postal Service handles requires a postmark. Business customers who use a postage meter or a mailing permit issued in Aberdeen will continue to have the City of Aberdeen reflected in the indicia or meter imprint printed on their mail. Those customers who have meters or permit imprint licenses in other cities will continue to have those respective city names reflected in the indicia or meter imprint for their mail.

Another important point to remember about cancellation mail is that in our automated offices (Aberdeen is not an automated office) the Postal Service has installed BioHazard Detection System (BDS) equipment. BDS has the capability to detect several different biohazards, including anthrax. The system is expensive but extremely accurate and is planned for installation at the Dakota Central facility. As we all are reminded when we speak of anthrax, it is ever present in our minds that Senator Tom Daschle was one of the recipients of anthrax-laced letters sent to lawmakers on Capitol Hill in 2001. Clearly, rural America isn't isolated from these types of incidents.

4. If the Aberdeen AMP is implement, could this result in slower mail service?

Providing a high level of service to our customers is a priority for the Postal Service. When AMP proposals are implemented, the Postal Service expects such action to be transparent to most, if not all customers. Based on the preliminary feasibility study data, with the exception of Jamestown, mail service to the majority of our customers remains virtually the same, with service improvements more likely than any deterioration in service.

5. How does the Postal Service actually measure service?

The Postal Service utilizes an outside, independent firm (IBM Consulting) to measure our First-Class Mail service performance. Currently, Sioux Falls and Dakota Central both participate in the External First-Class (EXFC) Measurement system. IBM randomly drops pieces of mail in random collection boxes in random cities across the country. Once a mailpiece is dropped in a collection box the clock begins to run and doesn't stop until that mailpiece is actually delivered to one of their (IBM's) reporters in whatever location they reside or receive mail. The clock runs whether there's a snow blizzard, vehicle breakdown or loss of power. Nothing stops the clock until the mailpiece is delivered.

The Postal Service is proud to report that as of February 21, Sioux Falls and Dakota Central were ranked number three in the nation out of 80 postal districts--performing at better than 97% for on-time overnight mail delivery. We are, however, somewhat disappointed because prior to the week long storms that occurred at the end of November 2005 where South Dakota experience a massive loss of power and most roads were closed, Sioux Falls and Dakota Central were number one in the nation.

You may be aware that during that time the Dakotas District operated over 100 of its Post Offices for over a week every single day without power or heat. The employees in those communities are to be commended. They take pride in serving their South Dakota customers.

It is important to note that if the Aberdeen AMP study proposal is approved for implementation, Aberdeen's mail would be commingled with all the mail in Dakota Central. Today, they excel in demonstrated performance and that won't change.

6. Will Aberdeen customers lose their bulk mail discounts for local mailings?

Watertown and Mitchell didn't lose their bulk mail discounts and neither would Aberdeen. All current and future Aberdeen bulk mail customers will continue to receive SCF discounts. The change, if implemented, should be invisible to existing bulk mail customers.

7. Will Aberdeen customers lose overnight service to Minneapolis?

Aberdeen to Minneapolis has never been an overnight service commitment—it is and has always been a two-day service commitment. Watertown, Sioux Falls, Fargo are also two-day service commitments. There is a misconception that sending mail to Willmar MN would get it to Minneapolis overnight. Minneapolis destinating mail arrives in Willmar around 1:00 AM and remains in Willmar for almost 18 hours before it is dispatched to Minneapolis. For this reason, Aberdeen to Minneapolis has a two-day service commitment.

8. What are the service performance scores for Aberdeen and Dakota Central?

Based on Originating/Destinating Information System (ODIS) data, (an internal postal measurement system), during the past 15 months both facilities have performed at 98% for on-time delivery of First-Class mail. Also see response to Question #5.

9. Will the Postal Service be lowering or shifting existing service standards?

Currently, the only potential service downgrade noted in the preliminary AMP feasibility study (review of the study has not yet been completed at all required levels) is for the Jamestown ND (584) area. However, the preliminary AMP proposal notes an increase in service standards for additional areas more in tune with the Aberdeen trade area. For example, the preliminary study results note that ZIP Code areas 570 and 571 (Sioux Falls SD and surrounding communities) would be upgraded from two-day service to overnight service.

There are also additional noted service upgrades for other communities included in the preliminary AMP study proposal.

10. Would cut-off times for collection boxes need to be earlier in order to accommodate the trucking of mail to Dakota Central?

All collection routes time in Aberdeen would remain exactly the same – all 574 dispatches would remain the same or could possibly have later collection times depending on how close they are to Dakota Central.

11. Will the 574 rural communities' mail service be severely impacted? Will mail that currently takes 2-3 days take 4-5 days for processing and delivery?

With universal service for everyone it makes no difference where you live--you can expect First-Class mail to be delivered within 1, 2 or 3 days depending on the distance between the city of mailing and the destination city. There is no 4- or 5-day service standard for First-Class mail.

12. Would business pickup of mail (caller service) at 6:30 or 7:00 a.m. still be available for businesses to accommodate employee schedules and work load?

The box section cut-off time (the time when all mail should be sorted to Post Office boxes) is stated as 8:15 a.m. and would not change. The mail will be arriving in the Aberdeen office at the same time it does today.

13. How will national newspapers and magazines be impacted?

National newspapers and magazines are already processed in Sioux Falls and have been for 15 years or more. The proposal will not change how this mail is currently processed.

14. Will we have Express Mail ® service?

Yes, currently Aberdeen originating Express Mail deposited by the final cut-off time arrives in Sioux Falls in time to catch that same evening's flight—this will not change.

15. Will the Fargo run be eliminated?

The Fargo run was eliminated more than 5 years ago. Aberdeen to Fargo has been a two-day service commitment since the early 1990s.

16. Will the Willmar run be eliminated resulting in a loss of Aberdeen's connection to the Twin Cities?

Aberdeen to Minneapolis is a two-day service commitment and the Willmar run does nothing to upgrade this service standard.

17. How timely and secure will the mail be when it is sorted and placed in bins, transported out of Aberdeen, to wait a day or more before being processed?

We will transport mail from Aberdeen to Dakotas Central in the same manner that we presently transport all mail between two cities. Contrary to what is being asserted, we do not wait one or more days before processing originating mail that comes into a processing center from other surrounding cities. The Postal Service has operating plans with strict clearance times. First-Class mail that arrives at a mail processing center before the established critical entry time must be processed by the established clearance time. Specifically, Aberdeen

originating mail that arrives at the Dakota Central facility by the established critical entry time would be processed that same day by the established clearance time.

18. Will premium services, such as Registered Mail and overnight service be available?

Absolutely, any product or service you currently purchase from your local Post Office will remain available even if the Aberdeen AMP proposal is implemented.

19. Would Dakota Central process the mail the same day to avoid late payments and accommodate legal dating of contracts?

The Aberdeen AMP proposal does not change processing standards for destinating mail processed at the Sioux Falls plant. Originating mail deposited in mail collection boxes by the last posted collection time that will be processed at the Dakota Central plant will be cancelled on the date of deposit Monday thru Friday. This mail will not be held for cancellation on a later date.

20. It appears that mail volumes are actually growing so why not keep the originating mail processing operations in Aberdeen?

See earlier response to Question #1.