

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

PUBLIC INQUIRY ON CHANGES ASSOCIATED  
WITH THE DELIVERING FOR AMERICA PLAN

Docket No. PI2023-4

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-6 OF CHAIRMAN'S INFORMATION REQUEST NO. 2**  
(August 22, 2023)

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 2, issued on August 8, 2023.

Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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August 22, 2023

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1. In the DFA Second-Year Report, the Postal Service states that the new sorting and delivery center (S&DC) network “will optimize delivery in [its] busiest markets....”<sup>1</sup> The Postal Service also states that this new network will result in “faster service between local retailers and consumers through expanded same-day/next-day shipping across the region from one convenient location.” *Id.* at 30. Please confirm whether customers outside of these busy markets will also benefit from this new network.
  - a. If confirmed, please also confirm whether customers outside the busiest markets will receive the same benefits (*i.e.*, faster delivery) as customers of the busiest markets or describe these benefits.
  - b. If not confirmed, please discuss the impact of this new network on customers outside the busiest markets, including, but not limited to, the likelihood of delayed delivery.

**RESPONSE:**

(a)-(b). Confirmed that all customers will benefit from the redesign of the Postal Service’s processing and delivery networks. As discussed in the response to Chairman Information Request (CHIR) No. 1, this redesign will ensure a logical and precise sequencing of processing, transportation, and cross-docking functions for both mail and packages from originating plant to destinating plant, and then on to delivery units, which will enable the Postal Service to further improve our service performance within the existing standards, while reducing costs.

At the same time, there will not be a Sorting and Delivery Center (S&DC) in every community: as previously discussed in the Response to CHIR No. 1, the Postal Service is systematically assessing the network to identify locations where it makes sense to repurpose existing facilities as S&DCs, and the majority of the current 19,000 Delivery Units will not have their delivery functions transferred to a S&DC. In areas where a

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<sup>1</sup> United States Postal Service, Delivering for America, Second-Year Progress Report, April 2023, at 18, available at <https://about.usps.com/what/strategic-plans/delivering-for-america/assets/usps-dfa-two-year-report.pdf> (DFA Second-Year Report).

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S&DC is not developed, the community will continue to be served by existing Delivery Units. These communities will not receive the direct benefits of an S&DC, such as the ability to drop packages for delivery to an entire local market from a single consolidated location. However, these communities will still see the benefits of the network transformation initiative, including the fact that our enhanced processing facilities will enable expanded next day and two-day reach for customers entering packages at those facilities, and improved service performance generally consistent with the current service standards.

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2. Please identify and describe any plans related to the utilization of excess space created at Post Offices due to the transfer of delivery functions to S&DCs. With your response, please provide any relevant studies or analyses detailing these plans, if applicable.

**RESPONSE:**

As the roll-out of the S&DC initiative continues, the Postal Service will evaluate the facilities from which delivery operations have been transferred to determine the proper use of any excess space, which could include utilizing that space to provide new services to commercial entities or other government agencies (following adherence to all applicable regulatory requirements, including the approval of the Postal Service Governors where required or appropriate). The Postal Service does not currently have specific plans regarding the utilization of any specific excess space.

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3. Please describe and provide any relevant data related to the “operational benefits” demonstrated from the first S&DC in Athens, GA. See DFA Second-Year Report at 18.

**RESPONSE:**

The Postal Service has seen a reduction in Function 4 workhours in the Athens area compared to SPLY. By increasing automation and sorting capabilities, S&DCs will enable more packages to be sorted on a machine at the delivery facility, rather than manually. In addition, customer call data are pointing to more precise delivery and fewer negative customer interactions. Specifically, the aggregated customer calls related to package status has declined as compared to the number of calls prior to launch for the same ZIP Codes. See USPS-LR-PI2023-4-NP2.

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4. In the Response to CHIR No. 1, question 4, the Postal Service states that “[t]he Postal Service is not currently pursuing initiatives that would result in changes to retail access by aligning hours of operation to customer demand at certain Post Offices, or rationalizing stations and branches.” Response to CHIR No. 1, question 4. Please clarify whether any of these initiatives that the Postal Service is “not currently pursuing” were accounted for in the calculation of the \$34 billion projected cost savings.<sup>2</sup>

**RESPONSE:**

The retail initiatives described on pages 34-35 of the 2021 DFA Plan document were included in the \$34 billion cost savings projection. For more detailed information, see Library Reference USPS-LR-PI2023-4-NP1, filed under seal in this Docket.

As discussed in the response to CHIR No. 1, the DFA Plan is a living plan designed to transform the Postal Service over a 10-year period; and it remains possible that, as we systematically advance the DFA Plan’s core strategies, we will refine, defer, or choose not to implement certain of the initiatives discussed in the 2021 document. Consistent with that approach, the Postal Service has opted not to pursue the referenced retail initiatives at this time. However, the Postal Service may in the future revisit these initiatives, or it may devise other initiatives that impact retail access. A decision in that regard will depend on the Postal Service’s assessment of evolving circumstances, including whether the DFA Plan’s financial and operational goals are being achieved through the other elements of the Plan or by other means.

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<sup>2</sup> See DFA Plan at 6; Library Reference USPS-LR-PI2023-4-NP1, July 19, 2023, Excel file “Cost\_Initiatives\_DFA\_10YrForecastSteps\_NP.xlsx.”

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5. Please refer to the network transformation illustrated in Figure 19 of the DFA Plan (DFA Network) and the Processing and Delivery operations network described in the DFA Second-Year Report (Second-Year Report Network). See DFA Plan at 29; DFA Second-Year Report at 15-19.
- a. Please confirm that the DFA Network has been superseded by the Second-Year Report Network.
  - b. If question 4.a. is not confirmed, please explain or illustrate how these two network transformations are related.
  - c. If question 4.a. is confirmed, please then also confirm that any projected cost savings related to network transformations, as provided in Response to CHIR No. 1, question 3, reflect the DFA Network and not the Second-Year Report Network.
  - d. If question 4.c. is confirmed, please provide any data and analyses related to the cost and service impacts of the Second-Year Report Network.

**RESPONSE:**

(a)-(b). Confirmed that the information provided in the DFA Second-Year Progress Report constitutes the more up-to-date explanation of how the Postal Service plans to redesign the processing network. As noted, the DFA Plan is a living plan. In this instance, our plans regarding how to redesign the processing network have been refined from what was presented in Figure 19 of the 2021 DFA Plan document as the Postal Service has continued to assess the underlying conditions of the existing network, and how to best correct its deficiencies.

(c). Confirmed. As noted in the Response to Question 3 of CHIR No. 1, the information provided reflects the set of initiatives (and associated cost savings) developed at a specific point in time, when the initial DFA Plan document was issued in 2021, but those initiatives have evolved over time.

(d). As previously discussed, the network transformation efforts are designed to enable the Postal Service to more reliably achieve our existing service standards, while also enhancing operational precision and efficiency, and reducing costs significantly.

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The Postal Service has not yet prepared comprehensive cost savings estimates regarding the refined network plan, and we anticipate doing so as part of our three-year update of the DFA Plan pursuant to 39 U.S.C. § 2803(b). While we anticipate that the redesign will improve service performance, we do not have analyses analyzing the extent to which service performance will improve, although our overarching long-term goal remains to achieve on-time delivery 95 percent of the time across all of our product lines. We will continue to monitor service results as we roll-out the initiative over the next several years.



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6. Please see Attachment, filed under seal.

**RESPONSE:**

Please the response filed under seal in USPS-LR-PI2023-4-NP2.