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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 2-3 AND 6 OF COMMISSION INFORMATION REQUEST NO. 1
(July 1, 2024)

The United States Postal Service hereby provides its responses to the above-listed questions of Commission Information Request No. 1, issued on June 17, 2024. A Motion for Late Acceptance is being filed concurrently with these responses. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO COMMISSION INFORMATION REQUEST NO. 1

2. Please refer to the following table of Regional Processing and Distribution Centers (RPDCs) facilities.[1]

RPDC Facility	City	State	Operating status
Richmond RPDC	Richmond	VA	Substantially complete and operating
Atlanta RPDC	Palmetto	GA	Substantially complete and substantially operating
Charlotte RPDC	Gastonia	NC	Substantially complete and partially operating
Chicago RPDC	Chicago	IL	Partially operating
Portland PRDC	Portland	OR	Substantially complete and operating
Boise RPDC	Boise	ID	Substantially complete and operating
Houston RPDC	Houston	TX	Partially operating
Indianapolis RPDC	Indianapolis	IN	Partially operating for package sortation
Jacksonville RPDC	Jacksonville	FL	Partial operations to begin Fall 2024
Jersey City RPDC	Jersey City	NJ	Partially operating for package sortation
Greensboro RPDC	Greensboro	NC	Partially operating
Phoenix RPDC	Phoenix	AZ	Initial operations for package sortation begin September 2024
Santa Clarita RPDC	Santa Clarita	CA	No operating status provided

a. Please confirm that the information in the referenced table is correct and up to date. If not confirmed, please explain and update the table.

b. Please explain the difference between "substantially complete and operating" and "substantially complete and substantially operating," if any.

c. Please explain the meaning of each type of operating status and the differences between these types. In the response, please describe the types of operations undergoing at each facility, if any.

RESPONSE:

[1] The information in the table is compiled using data from the following source: United States Postal Service, Letter of Postmaster General and Chief Executive Officer Louis DeJoy to Chairman Gary Peters of the Senate Committee on Homeland Security and Governmental Affairs, May 20, 2024, at 3, available at *https://about.usps.com/newsroom/global/pdf/0520-pmg-dejoy-to-chairman-peters.pdf* (DeJoy Letter).

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO COMMISSION INFORMATION REQUEST NO. 1

a. Confirmed.

b.-c. As an initial matter, the letter to Chairman Peters, cited by this question, offers empirical descriptions of projects underway at individual facilities. It was not intended to provide defined categories of operating statuses of the sort implied by the table above and the descriptions in the letter provide necessary factual context.

At all events, the above-noted assortment of operating statuses, when read in light of the letter to Chairman Peters, tracks the progress of individual facilities toward their envisioned future state within the fully redesigned RPDC/LPC network. It does not reflect the degree to which a given facility is operationally active: even facilities with "no operational status" process mail; they have simply not begun (or have barely begun) to transition into RPDCs. In this regard, it is important to bear in mind a point underscored repeatedly in the instant docket (*see*, *e.g.,* the Postal Serice's responses to ChIR 7, Question 1 and ChIR 9, Question 4): the planned functions for each new facility category within the redesigned network are designed around an embedded system and infrastructure that must continue to operate; accordingly, site-specific space and machine capacity constraints may compel varied combinations of facilities and processing functions until the envisioned RPDC/LPC network fully matures. As the network matures, with its dynamically interrelated components assuming the functions envisioned for them, new capacities at individual sites can and will become available. Thus, even facilities that are today characterized as "substantially complete" and/or "substantially operating" will in the future continue to evolve.

Notwithstanding the caveats above, the operating statuses provided in the letter to Chairman Peters are further explained below:

- *Substantially complete* indicates that for the facility in question, a majority, if not all, planned construction and major equipment moves have been completed.
- *Operating* indicates the facility is functioning in alignment with its envisioned future state in the RPDC/LPC network.
- *Substantially operating* indicates that while the facility is functioning substantially in alignment with its envisioned future state in the RPDC/LPC network, minor equipment moves, activities, and/or improvements remain to be finalized.
- *Partially operating* indicates that while the facility currently performs one or more of the processing functionalities envisioned for its future state within the RPDC/LPC network, significant mail and/or equipment moves remain to be finalized.
- Where no operating status is provided, the facility currently functions in alignment with its role in the pre-DFA network; for this facility, minimal physical work to facilitate the transition to its envisioned future stay may have been completed.

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO COMMISSION INFORMATION REQUEST NO. 1

3. The Postal Service states that there has been no movement of processing operations other than those associated with Eugene, Medford, Macon, and Augusta locations, and that the Local Processing Center (LPC) portion of the network redesign is in its relative infancy.[2] Please also refer to the following table of LPCs, which is compiled from information available in DeJoy Letter.

LPC Facility	Operating status
Richmond, Virginia LPC	Fully operating
Norfolk, Virginia LPC	Fully operating
Portland, Oregon LPC	Fully operating
Medford, Oregon LPC	Substantially operating
Eugene, Oregon LPC	Substantially operating
Duluth, Georgia LPC	Partially operating
Atlanta, Georgia LPC	Partially operating
Macon, Georgia LPC	Currently operating
Augusta, Georgia LPC	Currently operating
Boise, Idaho LPC	Fully operating
Pocatello, Idaho LPC	Fully operating
South Houston, Texas LPC	Partially operating
Beaumont LPC	No operating status provided
Charlotte, North Carolina LPC	Currently not operating, to return prior to end of 2024
Johnson City, Tennessee LPC	Operations to commence in 2025
Greenville, South Carolina LPC	No operating status provided
Jacksonville, Florica LPC	No operating status provided
Tallahassee, Florica LPC	No operating status provided
Indianapolis, Indiana LPC	2025 commencement
Fort Wayne, Indiana LPC	2025 commencement

a. Please confirm that the Richmond, Portland, and Boise LPCs experienced no movement of processing operations because they are co-located with RPDCs provided in a Table in question 2.

b. Please confirm that Norfolk LPC and Pocatello LPC were not included in the Mail Processing Facility Review (MPFR) process because no processing operations were moved to establish these LPCs. If confirmed, please explain why Norfolk LPC and Pocatello LPC are described as "fully

[2] *See* United States Postal Service Response to the Order to Show Cause Regarding Certain Delivering for America Initiatives (Order No. 7061), May 16, 2024, at 15-16 (Postal Service Response to Show Cause).

operating" but did not experience any movement of processing operations. If not confirmed, please explain why no MPFRs were conducted.

c. Please explain the meaning of each type of operating status and the differences between these types. In the response, please describe the types of operations undergoing at each facility, if any.

RESPONSES:

As an initial matter, the Postal Service did not assert that under the DFA Plan, no movements of processing operations have occurred other than those associated with Eugene, Medford, Macon, and Augusta locations. Rather, the Response to the Commission's Order to Show Cause, cited by this question, noted (accurately) that among the approximately 60 sites on which MPFR studies were conducted to facilitate the RPDC/LPC network's implementation, the only movements of processing operations that have thus far taken place are those associated with the Eugene, Medford, Macon, and Augusta locations. Per the PO-408 policy, MPFR studies are conducted prior to the consolidation of all originating and/or destinating distribution operations from one or more Post Offices/facilities into other automated processing facilities in different service areas. Thus, movements of processing operations may occur under circumstances not covered by the PO-408 policy, and therefore the MPFR process prescribed by the PO-408 policy is not required in those situations.

a. Confirmed for the Boise LPC. For the Portland LPC, destinating operations for SCF 977 returned to Eugene, OR, from Portland, OR, and will not be part of the Portland LPC. For the Richmond LPC, destinating operations for SCF 279 (Rocky Mount, NC) moved to the Richmond LPC; this did not require an MPFR study as SCF 278 currently remains at the Rocky Mount facility.

b. Not confirmed. While both the Norfolk and Pocatello facilities were already processing destinating operations at the time that they were activated as LPCs, some originating processing operations were moved from both locations as part of their transition to LPCs within the redesigned RPDC/LPC network; however, these moves did not require MPFR studies, as explained in further detail below.

For the Pocatello LPC, the relocation of originating processing operations to a Salt Lake facility was preceded by an Area Mail Processing study, pursuant to the requirements then set forth in Handbook PO-408. In CY 2023, a further change took place, with letters, packages and flats volumes from two 3-digit ZIP codes that were previously consolidated in Pocatello and sent to Salt Lake now being consolidated in Pocatello and sent to Boise. However, this mail move did not meet the criteria set forth in the revised PO-408 policy for MPFR studies (i.e., it did not involve the consolidation of all originating and/or destinating distribution operations from one or more Post Offices/facilities into other automated processing facilities in different service areas).

In the case of the Norfolk LPC, originating operations for packages were relocated to Richmond in CY 2023 (note that originating letters and flats operations had previously been relocated to Richmond). However, as this move transpired within a single service area (i.e., within the Sectional Center Facility ZIP Codes for which the relevant facilities process mail), no MPFR study was required.

c. The qualifications set forth in response to Question 2 subparts b.-c, above apply equally to LPCs. Here as well, the letter to Chairman Peters was intended to track the progress of various facilities, of varying characteristics, embedded in a variety of

geographic locations, toward their envisioned future state within the fully redesigned RPDC/LPC network. The functions planned for these facilities within that network were most recently described in the instant docket in response to ChIR 9, Question 4. As with RPDCs, a maturing network may enable new capacities at particular sites, since no single site functions independently of the network as a whole. As a result, currently operating LPCs may continue dynamically to evolve.

Notwithstanding the caveats above, the operating statuses provided in the letter to Chairman Peters are further explained below:

- The designations *fully operating* and *currently operating* indicate that the facility is operating in alignment with its envisioned future state in the RPDC/LPC network, with all equipment moves and construction completed; though as noted above, shifting dynamics within the maturing RPDC/LPC network may enable further developments at these sites.
- *Substantially operating* indicates that the facility is operating mostly in alignment with its envisioned future state in the RPDC/LPC network, with some relatively minor equipment moves and construction ongoing.
- *Partially operating* indicates that the facility currently performs one or more of the processing functionalities envisioned for its future state within the RPDC/LPC network, with substantial equipment moves and construction ongoing.
- Where no operating status is provided, the facility currently functions in alignment with its role in the pre-DFA network; for this facility, minimal physical work to facilitate the transition to its envisioned future stay may have been completed.

In addition, the Charlotte LPC is undergoing under major renovations with plans to resume operations prior to the end of 2024. For the Johson City, Indianapolis and Fort Wayne LPCs, work is being completed to facilitate transition to the envisioned future state within the RPDC/LPC network in 2025.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO COMMISSION INFORMATION REQUEST NO. 1

6. Please refer to the Postal Service Response to Show Cause where the Postal Service states that it: "has been conducting operational and pilot tests for both the [RPDC/LPC] and LTO initiatives, consistent with the Commission's recommended approach for changes in the nature of postal services, evaluating the results and making necessary adjustments before determining whether it is necessary to seek an advisory opinion." Postal Service Response to Show Cause at 4.

   a. Please provide all metrics and performance targets used in evaluation of the performance of the RPDC/LPC pilot test initiative.

   b. Please provide all metrics and performance targets used in the evaluation of the performance of the LTO pilot test initiative.

   c. Please provide a list of all locations where RPDC/LPC and LTO pilot tests are currently being conducted. For each location, please indicate the start date of the pilot test, the stage of the pilot test, and the anticipated end date of the pilot test for that location.

   d. Please provide a list of any locations where further pilot tests are planned and the anticipated start date of the pilot test for each location.

   e. Please indicate whether any pilot test locations have experienced a change in operational status due to the DeJoy Letter referenced in questions 2 through 4, and for each location describe that change in operational status along with the duration of the change.

   f. Please provide any data collection plans developed for the RPDC/LPC and LTO pilot test initiatives.

   g. Please provide any official timeline for data collection and evaluation of the RPDC/LPC and LTO pilot test initiatives. With your response, please include the estimated duration of the pilot test phase for each initiative and indicate the dates when the Postal Service anticipates having the results of each active pilot test to be publicly announced.

   h. Please describe all "necessary adjustments" made to the RPDC/LPC initiative as a result of data collection and evaluation conducted as a part of the pilot test.

   i. Please describe all "necessary adjustments" made to the LTO initiative as a result of data collection and evaluation conducted as a part of the pilot test.

   j. Please describe any alternative operational plans considered in areas where performance targets established as part of the pilot test were not achieved for either the RPDC/LPC or LTO initiatives.

   k. Please describe all standards and evaluation criteria that denote success or failure of the pilot test. In your response, please indicate how those

standards justify expansion or replication of RPDC/LPC and LTO initiatives. If no specific success or failure criteria exist, please describe how the success or failure of the pilot tests is to be determined.

l. Please provide all other available documentation where the Postal Service has referred to the RPDC/LPC and LTO initiatives as "pilot tests."

m. Please provide any plans or documentation that indicate the duration of the pilot test status for the RPDC/LPC and LTO initiatives.

i. Please confirm that the Postal Service has a specific deadline to determine whether to terminate or expand the pilot test for the LTO initiative. If there is no such a deadline, please explain.

ii. Please confirm that the Postal Service has a specific deadline to determine whether to terminate or expand the pilot test for the RPDC consolidation initiative. If there is no such a deadline, please explain.

RESPONSE:

a. For the RPDC/LPC network initiative, performance data for the 13 RPDC regions identified by Question 2 above are reviewed daily. The Postal Service also conducts extensive, site-specific research into the causes of any observed service declines. While such causes vary in kind and degree from region to region, the Postal Service has identified issues with personnel availability, facility and machine functionality, on-time transportation, transportation routing design, and exogenous shocks (e.g., power outages and adverse weather) as among the most frequently occurring causes of service disruptions.

The Postal Service also considers these factors as part of a region's planned rollout. For example, when rolling out an RPDC region, the RPDC may be completed before the LPCs within its service area are fully operational; in such cases, operations envisioned for those LPCs may be temporarily housed in that area's RPDC, and the analysis of personnel availability, facility and machine functionality, trips-on time, and

etc., serves both to mitigate transitional service disruptions and to inform long-term planning for the RPDC/LPC network's future state.

Through these efforts, as demonstrated in our financial statements, we are removing hundreds of millions of dollars in transportation costs and achieving improved productivity at our processing sites.

b. As with the RPDC/LPC network initiative, the Postal Service tracks and analyzes service performance data in areas where the LTO initiative has been implemented. In addition, the Postal Service tracks modeled savings by analyzing the metrics of estimated cost, miles driven, number of trips, number of legs within trips, truck capacity utilization by leg, driver hours, and layover hours.

c. Please see the responses to Questions 2, 3, and 4 above, as well as the responses to ChIR 9, Questions 1-2 in the instant docket.

d. Please see the responses to Questions 2, 3 and 4 above.

e. The May 20 Letter of Postmaster General and Chief Executive Officer Louis DeJoy to Chairman Gary Peters, referenced above, did not cause any current or planned RPDC, LPC or LTO locations to undergo a change in operational status.

f-g. Please see the responses to subparts a. and b. above.

h. Evolutions in RPDC/LPC network design and functionality, consistent with the process of data gathering, operational adjustment and continuous improvement envisioned by the DFA Plan, can be tracked from the response to ChIR 1, submitted on July 19, 2023 in the instant docket, to the Postal Service's response to ChIR 9, submitted on May 3, 2024 in the instant docket. For example, in one deviation from the

original network design, LPCs are now intended to perform processing operations on parcels. Furthermore, efforts to mitigate service declines coincident with RPDC/LPC activations have been described at length in the instant docket and elsewhere. *See*, *e.g.* the Postal Service's Response to ChIR 9, Question 7.

i. As noted in response to ChIR 5 in the instant docket, submitted on December 4, 2023, when the LTO initiative was first piloted in Richmond, locations at 25 miles of driving distance from processing facilities were deemed eligible for optimized A.M. dispatches. Subsequently, that criterion was changed to 50 miles of driving distance. Furthermore, as is apparent from the Supplemental Response to Question 3 of ChIR 5 in the instant docket, submitted on February 9, 2024, the Postal Service has largely adopted the "hybrid" approach to A.M. dispatches (in which the truck first drops off destinating volume at all locations on the route on the outgoing leg of the trip, and then proceeds to pick up originating volume at locations in line of travel of the return leg) as the predominant mode of optimization. Finally, the Postal Service has begun renegotiating transportation contracts to better reflect the reduction in layover hours enabled by the LTO initiative—an adjustment that has yielded significant cost savings.

j. Please see the responses to subparts h. and i. above. The Postal Service is focused on improving the RPDC/LPC network and LTO initiatives, not formulating "alternative operational plans." The current phase of operational testing, in other words, has served to refine these initiatives, which collectively present the most viable option for achieving reliable performance within service standards while advancing financial sustainability.

k. As noted in response to subpart j. above, the Postal Service is focused on improving the RPDC/LPC network and LTO initiatives. The measure of success over time will be reliable performance within service standards and financial sustainability through revenue gains and reductions in cost.

l. In the instant docket and elsewhere, the Postal Service has consistently and repeatedly characterized the DFA Plan's network transformation project as a structured process, one conducted with careful deliberation over a course of years, in which region-by-region rollouts are monitored closely and adjustments made as necessary and appropriate. *See*, *e.g.*, Response to ChIR 1, Question 1; Response to ChIR 5, Questions 1 and 2; Response to ChIR 5, Question 8; Response to ChIR 7, Question 1; Response to ChIR 9, Question 4; Docket No. ACR 2023, Response to ChIR 1, Questions 8, 15 and 17; Docket No. ACR 2023, Response to Commission Information Request 1, Question 1; Docket No. ACR 2023, Response to ChIR 16, Question 8. This practice of localized testing and adjustment prior to (and with a view towards) implementation on a wider scale is consistent with the "operational or pilot testing" recommended time and again by the Commission. *See* Docket No. N2021-1 Advisory Opinion, July 20, 2021, at 2, 99; Docket No. N2021-2 Advisory Opinion, Sept. 29, 2021, at 80.

m. The LTO and RPDC/LPC network initiatives are key components of a 10-year plan. Within that framework, no hard deadlines for these initiatives have been established; indeed, such deadlines would be at odds with the practice of localized testing and adjustment described above.