

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Ashley E. Poling, Vice Chairwoman;
Mark Acton;
Ann C. Fisher; and
Michael Kubayanda

Annual Compliance Report, 2020

Docket No. ACR2020

COMMISSION INFORMATION REQUEST NO. 1

(Issued January 8, 2021)

To clarify the basis of information provided by the Postal Service in its FY 2019 Annual Compliance Report (ACR), filed December 29, 2020,¹ the Postal Service is requested to provide written responses to the following requests. Answers should be provided to individual requests as soon as they are developed, but no later than January 15, 2021.

COVID-19 and Market Dominant Service Performance

1. The Postal Service states that “[t]he pandemic significantly affected processing, transportation, retail, and delivery operations through, for example, reduced employee availability....” FY 2020 ACR at 38.
 - a. Please explain in detail how reduced employee availability due to COVID-19 impacted on-time service performance results for Market Dominant

¹ United States Postal Service FY 2020 Annual Compliance Report, December 29, 2020 (FY 2020 ACR).

products nationwide during FY 2020. In the response, please explain how reduced employee availability due to COVID-19 concentrated in one facility and/or concentrated on a particular processing operation impacted on-time service performance at other facilities and/or downstream processing operations.

- b. For each impact identified in response to part a of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.
2. The Postal Service states that it worked to realign its resources to mitigate the service performance impact of reduced employee availability related to COVID-19. *Id.*
- a. Please explain in detail how the Postal Service's efforts to mitigate reduced employee availability due to COVID-19 impacted on-time service performance results for Market Dominant products during FY 2020.
 - b. For each impact identified in response to part a of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.
 - c. Please explain in detail how the Postal Service plans to mitigate the impact of reduced employee availability due to COVID-19 on service performance for Market Dominant products in FY 2021.
 - d. Please discuss the impact that any plans identified in response to part c of this question are expected to have on the FY 2021 on-time service performance results for Market Dominant products.

- e. Please explain how the Postal Service plans to monitor the efficacy of its plans identified in response to part c of this question during FY 2021 and identify the metric(s) that will be used.
3. The Postal Service identifies “contract transportation constraints” as an example of a COVID-19-related impact on Market Dominant service performance during FY 2020. *Id.*
 - a. Please explain in detail how COVID-19-related contract transportation constraints impacted on-time service performance results for Market Dominant products during FY 2020. In the response, please explain how COVID-19-related contract transportation constraints concentrated in one location impacted on-time service performance at other facilities and/or downstream processing operations.
 - b. For each impact identified in response to part a of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.
4. The Postal Service states that it worked to realign its resources to mitigate the service performance impact of COVID-19-related contract transportation constraints. *Id.*
 - a. Please explain in detail how the Postal Service’s efforts to mitigate COVID-19-related contract transportation constraints impacted on-time service performance results for Market Dominant products during FY 2020.
 - b. For each impact identified in response to part a of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain

- why it is unavailable, and provide qualitative analysis in support of the identified impact.
- c. Please explain in detail how the Postal Service plans to mitigate the impact of COVID-19-related contract transportation constraints on service performance for Market Dominant products in FY 2021.
 - d. Please discuss the impact that any plans identified in response to part c of this question are expected to have on the FY 2021 on-time service performance results for Market Dominant products.
 - e. Please explain how the Postal Service plans to monitor the efficacy of its plans identified in response to part c of this question during FY 2021 and identify the metric(s) that will be used.
5. The Postal Service states that “[t]he pandemic significantly affected processing, transportation, retail, and delivery operations....” *Id.*
- a. Please describe in detail any examples (other than reduced employee availability and contract transportation constraints) of how the pandemic impacted FY 2020 on-time service performance results for Market Dominant products.
 - b. For each impact identified in response to part a of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.
 - c. Please explain in detail how the Postal Service plans to mitigate the effects that each impact identified in response to part a of this question will have on service performance for Market Dominant products in FY 2021.

- d. Please discuss the impact that any plans identified in response to part c of this question are expected to have on the FY 2021 on-time service performance results for Market Dominant products.
 - e. Please explain how the Postal Service plans to monitor the efficacy of its plans identified in response to part c of this question during FY 2021 and identify the metric(s) that will be used.
6. In discussing decreases experienced in FY 2020 compared to FY 2019 on-time service performance for First-Class Mail in the Capital Metro and Eastern Areas, the Postal Service states that “[t]hese results can be directly attributable to the COVID-19 Pandemic.” Library Reference USPS-FY20-29, December 29, 2020, folder “Area Reports,” PDF files “CapMetro PRC FY 20 Svc Perf Report.pdf” at 1; “Eastern PRC FY 20 Svc Perf Report.pdf” at 1.
- a. Please explain in detail how these results experienced in the Capital Metro and Eastern Areas are attributed directly to COVID-19. Please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable, please so state, explain why it is unavailable, and provide qualitative analysis in support of the attribution.
 - b. Are decreases experienced in FY 2020 compared to FY 2019 on-time service performance for First-Class Mail in locations other than the Capital Metro and Eastern Areas directly attributable to COVID-19?
 - i. If yes, please explain in detail how these results are attributed directly to COVID-19. Please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable, please so state, explain why it is unavailable, and provide qualitative analysis in support of the attribution.
 - ii. If no, please explain why the attribution is limited to the Capital Metro and Eastern Areas.

7. In discussing increased transit impacts experienced in FY 2020 compared to FY 2019 for First-Class Mail in the Western Area, the Postal Service states that “[t]his was largely caused by impacts from the COVID-19 Pandemic.” Library Reference USPS-FY20-29, December 29, 2020, folder “Area Reports,” PDF file “Western PRC FY 20 Svc Perf Report.pdf” at 3.
 - a. Please explain in detail the reasons that are not related to COVID-19 for increased transit impacts experienced in the Western Area during FY 2020. Please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable, please so state, explain why it is unavailable, and provide qualitative analysis in support of the attribution.
 - b. Please explain in detail how these increased transit impacts experienced in the Western Area are attributed to COVID-19. Please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable, please so state, explain why it is unavailable, and provide qualitative analysis in support of the attribution.
 - c. Are increased transit impacts experienced in FY 2020 compared to FY 2019 for First-Class Mail in locations other than the Western Area largely caused by COVID-19?
 - i. If yes, please explain in detail how these results are attributed to COVID-19. Please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable, please so state, explain why it is unavailable, and provide qualitative analysis in support of the attribution.
 - ii. If no, please explain why the attribution is limited to the Western Area.
8. The following questions concern the impact of the COVID-19 pandemic on the Internal Service Performance Measurement System, International Mail

Measurement System, and Product Tracking and Reporting System for Market Dominant products in FY 2020.

- a. Please explain how the COVID-19 pandemic impacted the service performance measurement (*e.g.*, statistical validity, volumes measured, collection point sampling) for Market Dominant products in FY 2020.
- b. Please quantify how much the COVID-19 pandemic impacted measurement in each mail processing phase (*e.g.*, First-Mile, processing, Last-Mile) for Market Dominant products in FY 2020.

FY 2020 Operations and Market Dominant Service Performance

9. The Postal Service states that its FY 2020 reorganization of its operations into “separate functions for retail and delivery on the one hand and processing and logistics on the other, is designed to drive this process of continuous improvement by establishing clear lines of accountability to better enable service performance improvements, enhance communication and oversight, and ensure quicker implementation of strategies and initiatives.” FY 2020 ACR at 39.
 - a. Please explain all bases justifying this determination (*e.g.*, did the legacy structure have limitations?).
 - b. Please provide quantitative support and identify the metric(s) used to make this determination. If quantitative support is unavailable, please so state, explain why it is unavailable, and provide qualitative analysis in support of this determination.
10. The Postal Service states that its FY 2020 reorganization created a new operating unit of Logistics and Processing Operations, which consists of the Eastern and Western regions, with twelve divisions within each of these two regions. Library Reference USPS-FY20-29, December 29, 2020, PDF file “USPS-FY20-29.Preface.pdf” at 3 (Preface).

- a. Please explain how the geographic redivision from the legacy Areas to the new regions and divisions is expected to lead to improved Market Dominant service performance in FY 2021 (*e.g.*, did the legacy structure have limitations?).
 - b. Please explain how the “centralized support staff that will provide a unified approach for field operations while maintaining effective policy implementation and synchronizing all processing functions” will respond to issues that are unique to particular geographical locations. *Id.*
 - c. Please describe any nationwide initiatives developed, implemented, and/or supervised by this operating unit in FY 2020.
 - d. Please compare and contrast the former organization with the reorganization. In the response, please explain how this reorganization changes the existing reporting structure for district-level management.
11. The Postal Service states that its FY 2020 reorganization created a new dedicated Letter/Flat Mail group within the new operating unit of Logistics and Processing Operations. *Id.*
 - a. Please describe the Postal Service’s plans to improve service performance for letter- and flat-shaped Market Dominant products in FY 2021.
 - b. Please discuss the impact that any plans identified in response to part a of this question are expected to have on the FY 2021 on-time service performance results for Market Dominant products.
 - c. Please explain how the Postal Service plans to monitor the efficacy of its plans identified in response to part a of this question during FY 2021 and identify the metric(s) that will be used.
12. The Postal Service states that its FY 2020 reorganization created a new operating unit of Retail and Delivery Operations, which consists of the Atlantic,

Central, Southern, and Western-Pacific Areas, with the goal of “accept[ing] and deliver[ing] mail and packages efficiently with a high level of customer satisfaction.” *Id.* at 2.

- a. Please explain how the geographic redivision from the legacy Areas to the new Areas is expected to lead to improved Market Dominant service performance in FY 2021 (*e.g.*, did the legacy structure have limitations?).
 - b. Please confirm that the Retail and Delivery Operations unit will oversee district-level performance during the First and/or Last Mile.
 - i. If confirmed, please compare and contrast the former organization with the reorganization. In the response, please explain how this reorganization changes the existing reporting structure for district-level management.
 - ii. If not confirmed, please explain.
 - c. Please describe any nationwide First and/or Last Mile initiatives developed, implemented, and/or supervised by this operating unit in FY 2020.
 - d. Please describe any nationwide First and/or Last Mile initiatives that are expected to be developed, implemented, and/or supervised by this operating unit in FY 2021.
13. The Postal Service states that it has not set on-time Market Dominant service performance percentage targets for FY 2021 yet because it is “reviewing its network capabilities to determine what service levels are achievable in the current environment.” FY 2020 ACR at 39.
- a. Please identify the criteria that the Postal Service expects to use to set on-time Market Dominant service performance percentage targets for FY 2021.

- b. Please state when the Postal Service expects to set on-time Market Dominant service performance percentage targets for FY 2021.
 - c. Please state whether the Postal Service intends to survey mail users regarding potential on-time Market Dominant service performance percentage targets for FY 2021. If yes, please describe the Postal Service's expected timeframe for that survey. If no, please explain why the Postal Service does not intend to survey users of the mail regarding potential on-time Market Dominant service performance percentage targets for FY 2021.
14. The Postal Service states that its Board of Governors is developing a new strategic business plan based on its examination of "its operations to identify strategies and opportunities to improve both the reliability and predictability of service performance, while also enhancing operational efficiency and effectiveness." FY 2020 ACR at 39-40.
- a. Please identify the metrics that the Postal Service expects to use to monitor the Postal Service's achievement of the strategies and opportunities identified in this plan.
 - b. Please state when the Postal Service expects to publish its new strategic business plan to the public.
 - c. Please state whether the Postal Service intends to survey mail users regarding potential strategies and opportunities. If yes, please describe the Postal Service's expected timeframe for that survey. If no, please explain why the Postal Service does not intend to survey users of the mail regarding potential strategies and opportunities.
15. The Postal Service states that "Postal Service management will likewise continue to implement operational, technological, and employee training initiatives to

enhance day-to-day efficiency and improve the quality of the mail delivery process” in FY 2021. *Id.* at 40.

- a. Please explain in detail how the Postal Service plans to enhance day-to-day efficiency and improve the quality of the mail delivery process for Market Dominant products in FY 2021.
 - b. Please discuss the impact that any plans identified in response to part a of this question are expected to have on the FY 2021 on-time service performance results for Market Dominant products.
 - c. Please explain how the Postal Service plans to monitor the efficacy of its plans identified in response to part a of this question during FY 2021 and identify the metric(s) that will be used.
16. The Postal Service states that its management will focus on “improvement initiatives for on-time departures” in FY 2021. *Id.*
- a. Please explain in detail how the Postal Service plans to improve on-time departures for Market Dominant products in FY 2021.
 - b. Please discuss the impact that any plans identified in response to part a of this question are expected to have on the FY 2021 on-time service performance results for Market Dominant products.
 - c. Please explain how the Postal Service plans to monitor the efficacy of its plans identified in response to part a of this question during FY 2021 and identify the metric(s) that will be used.
17. The following questions pertain to the initiative to eliminate unnecessary late and extra trips to transport mail outside of regularly scheduled transportation service starting on July 10, 2020.²

² United States Postal Service, Office of the Inspector General, Report No. 20-292-R21, Deployment of Operational Changes, November 6, 2020, at 5, available at:

- a. Please confirm that this initiative required mail to be transported on regular routes or held until the next regular route is available. If not confirmed, please explain.
- b. Did the Postal Service complete a pilot, study, and/or analysis of the impact on Market Dominant service performance prior to implementation of this initiative? If yes, please provide the pilot test results, study, and/or analysis. If no, please explain why no pilot, study, and/or analysis was completed prior to implementation of this initiative.
- c. During this initiative, did the Postal Service measure the impact on Market Dominant service performance? If yes, please identify the metric(s) used and provide the study or analysis. If no, please explain why no study or impact analysis was completed during this initiative.
- d. Please explain how the Postal Service took into account the COVID-19 pandemic in its decision to begin this initiative on July 10, 2020.
- e. Please explain how the Postal Service took into account the expected increase in political and election mail for FY 2020 and FY 2021 in its decision to begin this initiative on July 10, 2020.
- f. Prior to implementation of this initiative, did the Postal Service study and/or analyze how much Market Dominant mail was expected to be ready for regular route transportation (and would not require use of late or extra trips)? If yes, please provide the study, and/or analysis. If no, please explain why no study and/or analysis was completed prior to implementation of this initiative.

- g. Please explain the Postal Service's expectation of how operations would adapt without using late or extra trips and thereby deliver Market Dominant mailpieces that were not ready for regular route transportation within the applicable service standard.
 - h. Please confirm that this initiative was suspended nationwide effective August 18, 2020. If not confirmed, please identify the effective date of the nationwide suspension.
18. The following questions pertain to the initiatives to reduce overtime starting in July and August 2020. See *OIG Report No. 20-292-R21* at 7, Appendix B at 20-22.
- a. Did the Postal Service complete a pilot, study, and/or analysis of the impact on Market Dominant service performance prior to implementation of these initiatives? If yes, please provide the pilot test results, study, and/or analysis. If no, please explain why no pilot, study, and/or analysis was completed prior to implementation of these initiatives.
 - b. During these initiatives, did the Postal Service measure the impact on Market Dominant service performance? If yes, please identify the metric(s) used and provide the study or analysis. If no, please explain why no study or impact analysis was completed during these initiatives.
 - c. Please explain how the Postal Service took into account the COVID-19 pandemic into its decision to begin these initiatives in July and August 2020.
 - d. Please explain how the Postal Service took into account the expected increase in political and election mail for FY 2020 and FY 2021 into its decision to begin these initiatives in July and August 2020.
 - e. Prior to implementation of these initiatives, did the Postal Service study and/or analyze how much Market Dominant mail was expected to be

ready for delivery within normal work hours (and would not require use of overtime)? If yes, please provide the study and/or analysis. If no, please explain why no study and/or analysis was completed prior to implementation of these initiatives.

- f. Please explain the Postal Service's expectation of how operations would adapt to reduced overtime and thereby deliver Market Dominant volumes within the applicable service standard.
 - g. Please confirm that these initiatives remain ongoing. If not confirmed, please identify the effective date(s) of the nationwide suspension(s).
19. The Postal Service states that it modified the National Trips On-Time report for FY 2020 to include all trips, 24 hours per day, except for Mail Transport Equipment (MTE) trips. Preface at 4.
- a. Please confirm that the results provided in Library Reference USPS-FY20-29, December 29, 2020, Excel file "FY20 FCM Q4 EOY - 24 hr clock.xlsx," columns AZ:BF are comparable to the FY 2019 results provided in Library Reference USPS-FY19-29, December 27, 2019, Excel file "FY19 ACR FCM Q1-2-4-5 EOY.xlsx," tab "Q5," columns AZ:BF. If not confirmed, provide results for FY 2020 that are comparable to the FY 2019 results. If comparable results are unavailable, please explain why the Postal Service cannot isolate the subset of trips measured in FY 2019 (*e.g.*, outbound trips from 00:00 – 07:00 hours) from the FY 2020 results.
 - b. Does the Postal Service plan to modify the National Trips On-Time report for FY 2021? If yes, what modifications are expected to occur and when?
 - c. Please quantify the nationwide volume of:
 - i. political mail that the Postal Service delivered in FY 2020;
 - ii. political mail that the Postal Service delivered in FY 2016;

- iii. election mail that the Postal Service delivered in FY 2020; and
 - iv. election mail that the Postal Service delivered in FY 2016.
20. In discussing decreases experienced in FY 2020 compared to FY 2019 on-time service performance for First-Class Mail in the Northeast Area, the Postal Service states that the decreases are partially attributable to “the volume of political and election mail [that] increased exponentially this year, as well as increased volume related to the Decennial Census.” Library Reference USPS-FY20-29, December 29, 2020, folder “Area Reports,” PDF file “Northeast PRC FY 20 Svc Perf Report.pdf” at 1.
- a. Please explain in detail how the increased volume related to political, election, and Decennial Census mail impacted on-time service performance results in the Northeast Area for Market Dominant products during FY 2020.
 - b. For each impact identified in response to part a of this question, please provide quantitative support and identify the metric(s) used. If quantitative support is unavailable for an identified impact, please so state, explain why it is unavailable, and provide qualitative analysis in support of the identified impact.
 - c. Does each impact identified in response to part a of this question apply to locations other than the Northeast Area?
 - i. If yes, please provide quantitative support for this statement. If quantitative support is unavailable, please so state, explain why it is unavailable, and provide qualitative analysis in support of the statement.
 - ii. If not, please explain why the impact was limited to the Northeast Area.

21. The following questions pertain to delays in unloading Market Dominant volumes at Postal Service facilities in FY 2020.
- a. Please confirm that the Postal Service has a metric(s) (such as a root cause failure indicator) to monitor such delays.
 - i. If confirmed, please identify the metric(s) used and quantify the delays in unloading Market Dominant volumes at Postal Service facilities at the national level in FY 2020 and in FY 2019.
 - ii. If not confirmed, please explain why such a metric has not been developed and status of the Postal Service's efforts to develop such a metric.
 - b. Please describe the steps that the Postal Service has taken to reduce the delays or develop workarounds in FY 2020.
 - c. Please describe the steps that the Postal Service has taken to inform customers about delays, both generally and at specific facilities used by specific customers in FY 2020.

By the Commission.

Erica A. Barker
Secretary