

**Case:** Las Vegas Postal Regulatory Commission  
Field Hearing

Transcript Testimony of **Postal Regulatory  
Commission Field Hearing**

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POSTAL REGULATORY COMMISSION FIELD HEARING

Held at the Las Vegas City Hall

Council Chambers

Monday, May 10, 2010

1:00 p.m. - 3:20 p.m.

Council Members:

Madam Chairman Ruth Y. Goldway

Vice Chairman Tony Hammond

Commissioner Mark Acton

Commissioner Nanci E. Langley

Reported by: Ellen L. Ford, CCR #846

1           MADAM CHAIRMAN GOLDWAY: Good afternoon, everyone.  
2       My name is Ruth Goldway. I'm the Chairman of the Postal  
3       Regulatory Commission.

4           I'm joined here today by my fellow Commissioners,  
5       Vice Chairman Tony Hammond, to my right, and Commissioners  
6       Mark Acton and Nanci Langley to my left.

7           We have one other Commissioner who was unable to  
8       make it here today.

9           I and my fellow Commissioners welcome you. It's a  
10      pleasure for us to be in Las Vegas and to kick off this  
11      important round of hearings with regard to the Postal  
12      Service's proposal to end Saturday mail service delivery  
13      nationwide.

14          I'd like to thank, in particular, Mayor Goodman  
15      and the City Council for their support in enabling the  
16      Commission to use the Council Chambers for today's  
17      hearings.

18          The Commission is pleased to hold its first  
19      hearing here in the great City of Las Vegas, Nevada.  
20      Las Vegas has an international reputation as a premier  
21      tourist destination and as an entertainment capital for  
22      visitors around the world.

23          The Commission chose seven locations around the  
24      United States for hearings. In Las Vegas, we chose a  
25      region which is in the west, and it is the fastest growing

1 city in the United States. It provides service of a  
2 different kind than you might consider in some  
3 well-established parts of the east with a newly built  
4 modern infrastructure, long distances, and a transient  
5 community.

6 We wanted to hear from this community in  
7 particular, and we're grateful that Mayor Goodman was so  
8 responsive to our interest that we were able to schedule  
9 the meeting here before our others.

10 We believe that Las Vegas is a perfect location  
11 for the Commission to hold our hearing, and we will begin  
12 to consider the possible changes in Postal Service and the  
13 impact that that could have on local communities and the  
14 mail itself from this location.

15 You may not be familiar with us, the Postal  
16 Regulatory Commission. We're a statutory regulator of the  
17 Postal Service. We have responsibility to oversee the  
18 Postal Service with regard to rate setting, universal  
19 service and standards for performance, and for the overall  
20 transparency and accountability of the Postal Service to  
21 the American people, day-to-day operational management of  
22 the Postal Service is the responsibility of the Post Master  
23 General and his management team.

24 This hearing is part of a comprehensive public  
25 review begun by the Commission on March 30th of this year.

1 We're examining the Postal Service's proposal to eliminate  
2 Saturday mail delivery service nationwide.

3 The Postal Service is required to ask the  
4 Commission for an advisory opinion on any change in  
5 nationwide service that it proposes. This proposal is one  
6 of the most significant changes in the Postal Service that  
7 it has ever presented to the Commission.

8 The Postal Service has advised the Commission  
9 that, due to falling mail volumes and revenues, it is  
10 considering eliminating Saturday mail collection and  
11 delivery service except for Express Mail and Post Office  
12 Box service.

13 The Commission procedures provide for public,  
14 on-the-record hearings to analyze and cross examine the  
15 Postal Service's proposal and its supporting evidence.

16 During the process, mail users and interested  
17 members of the public may offer supporting or opposing  
18 views both informally and as part of the more formal  
19 technical presentations.

20 In view of the widespread impact that this  
21 proposal will have, it will affect literally every citizen  
22 and every business in the United States, the Commission is  
23 choosing seven field hearings; Las Vegas, Sacramento,  
24 Dallas, Memphis, Chicago, Rapid City, South Dakota and  
25 Buffalo, New York. But these field hearings are designed

1 to supplement the formal hearings we have in Washington,  
2 D.C., and we want to hear directly from the customers,  
3 employees and organizations that will be affected in these  
4 regions.

5 The elimination of one day of mail delivery is not  
6 a new concept. It's been proposed many times and was the  
7 subject of extensive Congressional review in 1977 and  
8 extending through after 1980.

9 In 1983, the Congress adopted specific language  
10 that requires the Postal Service to maintain six-day  
11 delivery, thereby being clear about what its priorities  
12 were at the time.

13 However, in these unprecedented times, the Postal  
14 Service has asked the Congress to rescind that language.  
15 We've been advised by the Congress that the Commission's  
16 Advisory Commission's opinion and what we learn here today  
17 will be carefully considered by Congress as it reviews the  
18 Postal Service's request to change the law.

19 The Postal Service has responsibility to serve  
20 every citizen, household, and business throughout America.  
21 And it remains far and away the world's largest mail  
22 provider, with expected mail volumes this year of about  
23 165 billion pieces.

24 This hearing provides a critical forum for public  
25 input as the Postal Service seeks, under difficult

1 circumstances, to find the right balance between service  
2 and cost control.

3 I want to emphasize the importance of the public  
4 scrutiny the Commission provides as we review this issue.  
5 Citizen participation is a cornerstone of any good  
6 government regulatory program. Already the Commission has  
7 received about 3,000 letters and e-mails from the public on  
8 this issue, and we're looking forward to today's comments  
9 for further contribution to the record.

10 Before I introduce the witnesses, I'd like to ask  
11 our fellow Commissioners if they'd like to say anything for  
12 the record here today.

13 VICE CHAIRMAN HAMMOND: Thank you, Madam Chairman,  
14 and thank you for continuing our recent tradition of the  
15 Commission getting around the country to hear differing  
16 points of view than we usually get in Washington, D.C. I  
17 look forward to hearing from all of you today on this very  
18 important issue, one of the biggest proposed changes in  
19 mail delivery in a long time.

20 So I thank you all for being here. Thank you.

21 MADAM CHAIRMAN GOLDWAY: Thank you. Miss Langley?

22 COMMISSIONER LANGLEY: Thank you very much, Madam  
23 Chairman, and thank you for holding today's hearing.

24 I would also like to thank our witnesses who have  
25 joined us this afternoon. Your insights and your

1 perspectives are definitely going to add to the public  
2 record.

3 And to those from Las Vegas, thank you also for  
4 joining us and for the hospitality that your fine City has  
5 already given us.

6 One thing that I would like to mention is that we  
7 act as an impartial third party in this advisory opinion,  
8 and our findings come through an evidentiary record, and  
9 today's hearing is the start of our public hearings, but we  
10 do urge everybody to contact us.

11 As the Chairman said, we've already received over  
12 3,000 responses from individuals throughout the country,  
13 but we are known for our ability to analyze without  
14 prejudice the issues that come before us, and I believe  
15 that these hearings and these proceedings will produce what  
16 I would consider an unbiased view.

17 I do want to mention that the history of the U.S.  
18 Postal Service is really intertwined with the history of  
19 this country. The entrepreneurial spirit of the United  
20 States is tied to the Postal Service. Without it, we  
21 wouldn't have e-bay, we wouldn't have Amazon, nor could  
22 Benjamin Franklin have mailed his publications early on.

23 And businesses definitely rely on the Postal  
24 Service's six-day-a-week delivery process, just as  
25 thousands and hundreds and millions of Americans who do not

1 have access because of age, due to mobility problems, or  
2 living in remote areas of the country.

3 I'm from the State of Hawaii, and we are  
4 certainly, according to a Washington Post article a year  
5 ago, the furthest location from civilization, as they  
6 called it, but I do look forward to today's hearing, and I  
7 thank you all for attending.

8 MADAM CHAIRMAN GOLDWAY: Thank you.

9 COMMISSIONER ACTON: Thank you, Madam Chairman,  
10 and thank you Las Vegas for your fine hospitality.

11 Whether you are a witness here today, panel, or  
12 whether you are here to share some of your own  
13 observations, or if you're just curious about the process,  
14 this hearing is designed to help the Commission gain a more  
15 informed perspective and, therefore, have better insight  
16 regarding the Postal Service's proposal to eliminate  
17 Saturday delivery.

18 The Postal Regulatory Commission will be provided  
19 opinions to the Postal Service and to Congress regarding  
20 this proposal.

21 While our opinion is not binding on the Postal  
22 Service, our views shall advise Congress and the Postal  
23 Service if and how this proposal may comply with Title 39  
24 of the United States Code.

25 The law instructs the Commission to provide users

1 of the mail, as well as the general public, the opportunity  
2 to be heard for the sake of the record, which is why we are  
3 here today.

4 Your participation will assist us in offering  
5 guidance on a very significant aspect of a fundamental  
6 service that's provided to our nation.

7 How important is this matter? It's important  
8 enough that our nation's founding fathers provided Congress  
9 the power to establish and provide Postal Service in the  
10 very first Article in the United States Constitution.

11 The question before us is, can the Postal Service  
12 maintain adequate service to the American people if, first  
13 of all, delivery of mail to street addresses on Saturday is  
14 discontinued.

15 Secondly, the collection of mail from their  
16 standard blue collection boxes and other pickup services is  
17 discontinued on Saturday.

18 And finally, if, except for Express Mail and some  
19 bulk mailings, the initial handling of outgoing mail were  
20 discontinued on Saturday, as well.

21 The Postal Service has indicated that their dire  
22 financial condition requires action on their request as  
23 soon as is possible. My colleagues and I are committed to  
24 arriving at a thoughtful, well-reasoned determination as  
25 quickly as we can, but we must also take into account the

1 time that's required to hear your views.

2 Swiftness can be good, but we are obliged to get  
3 it right first and foremost rather than simply to do it  
4 quickly.

5 Thank you for your time today and your testimony,  
6 and thank you Madam Chairman for the opportunity to speak.

7 MADAM CHAIRMAN GOLDWAY: Thank you. I would now  
8 like to introduce our witnesses. The testimony provided by  
9 our witnesses today will help educate and inform the  
10 Commission as we continue our study of the Postal Service's  
11 proposal. And I believe it will help the Postal Service  
12 directly as an operator that sincerely hopes to improve its  
13 service when it hears of concerns.

14 I appreciate the witnesses' willingness to be here  
15 to add to the Commission's record to this important issue,  
16 and also, following our formal testimony, anyone in the  
17 audience who is interested in making a statement may do so.  
18 We will ask that those remarks be held after the second  
19 panel and be no longer than two minutes.

20 Our first witness panel consists of Tom  
21 Underkoffler, Director of Corporate Logistics, Medco Health  
22 Solutions; Doug Bowen, Administrator of the Central  
23 Graphics for Southwest Gas Corporation; and Arnie Goldstein  
24 of the Postal Solutions, Incorporated.

25 Gentlemen, would you rise so that I can swear you

1 in? Would you raise your right hand? Do you affirm that  
2 you will -- your statement is the whole truth and nothing  
3 but the truth.

4 MR. UNDERKOFFLER: Yes.

5 MR. BOWEN: Yes.

6 MR. GOLDSTEIN: Yes.

7 MADAM CHAIRMAN GOLDWAY: Thank you. So now we'll  
8 begin with Mr. Underkoffler.

9 MR. UNDERKOFFLER: Good afternoon, Madam Chairman,  
10 Commissioners. I thank you for the opportunity to discuss  
11 the proposed USPS delivery frequency reduction.

12 My name is Tom Underkoffler, and I'm the Director  
13 of Logistics for Medco Health Solutions.

14 My responsibilities involve extensive involvement  
15 in postal issues, and I represent Medco in multiple  
16 industry associations, namely the Parcel Shippers  
17 Association, and the Association of Postal Commerce, where  
18 I serve under Executive Committees. I'm also a member of  
19 the Mailers Technical Advisory Committee representing the  
20 Pharmaceutical Care of Management Association, or PCMA, and  
21 co-chair the Amtech Subgroup on service standards for  
22 packages.

23 To be clear, I am here to represent the best  
24 interests of Medco, our clients, and our patients.

25 Medco Health Solutions is a leading pharmacy

1 benefit manager, and operates the nation's largest and most  
2 advanced mailable air pharmacy operation.

3 We are presently ranked at number 35 in the  
4 Fortune 500 list in the U.S., and we dispensed over 100  
5 million medications at our mail-order pharmacies last year.

6 Our highly automated proprietary pharmacy systems  
7 here in Las Vegas and in Willingboro, New Jersey, are  
8 significantly more accurate than hospitals or retail  
9 operations, exceeding a 99.997 percent error-free rating,  
10 unmatched by the retail pharmacy network.

11 In addition, we are opening our next generation  
12 mail-order pharmacy in Whitestown, Indiana later this year.

13 Medco utilizes many classes of mail for our normal  
14 course of business. We use First Class mail and standard  
15 mail flats and letters for correspondence with our patients  
16 and clients.

17 We also receive First Class mail letters  
18 containing new prescription orders from our patients  
19 largely received on Mondays.

20 Our mail-order pharmacies dispense almost 1.5  
21 million parcels per week, which are largely delivered via  
22 Priority mail open distribute sacks containing standard  
23 mail parcels. We also utilize First Class mail parcels,  
24 Priority mail and Express mail.

25 In total, the USPS delivers about 90 percent of

1 our mail-order medication packages to our patients.

2 Medco patients reside in all 50 states and U.S.  
3 protectorates, and from that aspect, the continued ability  
4 of the USPS to offer cost-effect service to all locations  
5 is important to Medco.

6 In fact, ordering medications from PBMs like Medco  
7 for delivery by the Postal Service is the most convenient,  
8 cost-effective way for many Americans to access their  
9 medications because pharmacies are few and far between in  
10 many rural areas.

11 Our clients and patients have come to depend upon  
12 the ability of the USPS to cost-effectively deliver our  
13 mail and medication orders six days per week today.

14 The existing Saturday delivery capability further  
15 compliments our 24-hour dispensing operations during the  
16 week.

17 I testified two years ago in Portsmouth, New  
18 Hampshire regarding universal service and the concept of  
19 delivery frequency, and the points made then still hold  
20 true today.

21 Any reduction in postal delivery days to zip codes  
22 with existing volumes without a corresponding improvement  
23 in service would ultimately lead to delays.

24 And Medco receives new orders, and our patients  
25 are receiving their dispensed medications.

1           The fact that Saturday is now the targeted date to  
2           be eliminated would ensure that there would be a period of  
3           two consecutive days without delivery. This would  
4           negatively impact about 50 percent of our patients on a  
5           given week.

6           We are concerned that reducing the number of  
7           delivery dates per week would result in degraded service,  
8           not only during normal weeks based on the compressed work  
9           schedule, but also during the inevitable peak volumes  
10          periods in the November and December timeframe.

11          The actual service levels to the recipients would  
12          further deteriorate on the eight to nine Federal holidays  
13          per year that fall on a Monday or Friday, which equates to  
14          15 to 17 percent of the total weeks per year.

15          The already compressed work schedules proposed six  
16          to five would then be reduced again and allow only four  
17          days of operations available to handle the volume that is  
18          typically produced by large shippers six days a week.

19          Our concern is that the volumes would roll over to  
20          the following day or days in the facilities, leading to  
21          massive delivery delays. These delays translate directly  
22          into uncertainty of delivery expectations, which would  
23          restrict mail growth overall for the USPS.

24          USPS say the proposal, if implemented, would not  
25          impact service standards. I would counter with the

1 argument that, as someone who is intimately involved in  
2 recommendations for those parcel service standards, the  
3 concept of eliminating a day or more of service was never  
4 considered. It is safe to say that the spirit of those  
5 recommendations was predicated on the operating schedules  
6 that existed at that point in time.

7 The proposal would most definitely impact the true  
8 service of the mail to recipients.

9 We would look to the PRC to take into account the  
10 spirit of the service standards versus the predicted  
11 service implications while evaluating the USPS proposals.

12 Additionally, we would be very concerned about  
13 those who are less mobile and who therefore have limited  
14 access to goods and services, that they are especially  
15 dependent on the mail.

16 Under the proposal, that would mean people needing  
17 their packages during the proposed two- or three-day USPS  
18 non-delivery weekends would invariably spend more for  
19 expedited, expensive delivery, that would be the only means  
20 available. This would disproportionately and unfairly  
21 impact the elderly and rural dwelling patients.

22 That being said, however, we also understand the  
23 state of the current economy, and the likely impact it will  
24 have on the existing volume trends for the USPS.

25 We certainly want to see a financially healthy

1 USPS in the future, but any changes made need to protect  
2 the existing value proposition, which are affordable  
3 service as well as frequent, dependable service.

4 Degrading service to control cost will not likely  
5 enhance either customer satisfaction or future volume  
6 growth.

7 We believe that there are other areas that should  
8 be explored before considering this universal and likely  
9 irreversible change.

10 The Retiree Health Benefit Fund issue has largely  
11 contributed to the near term financial issues as it has  
12 placed an almost impossible financial requirement on the  
13 USPS.

14 Additionally, the findings of the OIG in the Civil  
15 Service Retirement System Pension Responsibility  
16 Overpayment Report are concerning.

17 As Post Master General Potter stated, if these  
18 funds were able to be reapplied to the USPS, this six- to  
19 five-day proposal would not be needed at this point in  
20 time.

21 In short, the RHDF and the CSRS issues needs to be  
22 rectified in the short-term, and needs to be the top  
23 priority to save the USPS.

24 Medco has worked hard over the past year to  
25 optimize our business model to take full advantage of the

1 final mile delivery capabilities of the USPS.

2 This intertwined business model would be impacted.  
3 If this proposal was to move forward, it would not help our  
4 patients.

5 In summary, we appreciate the devotion of the USPS  
6 to constantly look for ways to reduce cost, but would not  
7 expect delivery service to be reduced as a result, for the  
8 inbound prescriptions or the outbound life-saving or  
9 sustaining medication.

10 Our clients and patients count on mail Monday  
11 through Saturday today. And for many, it is the only way  
12 to receive the goods and services they need in an  
13 affordable, timely manner.

14 The other financial solutions need to be explored  
15 first, namely, the Retiree Healthcare and Pension issues.  
16 These need to be fully resolved before any reduction of  
17 delivery days as proposed.

18 Saturday delivery is one of the greatest  
19 competitive advantages the USPS has. Given up this  
20 advantage, while disproportionately and negatively  
21 impacting the elderly and rural dwelling Americans cannot  
22 be the best solution. Surely we can do better.

23 Thank you for this opportunity and your attention.  
24 I would be pleased to answer any questions you may have.  
25 Thank you.

1                   MADAM CHAIRMAN GOLDWAY: Thank you,  
2                   Mr. Underkoffler. And now we'd like Mr. Bowen to make his  
3                   presentation.

4                   MR. BOWEN: Good afternoon, Madam Chairman,  
5                   Commissioners. Thank you for the opportunity to be here.

6                   My name is Douglas Bowen. I'm the Administrator  
7                   of Central Graphics in Southwest Gas Corporation.

8                   Southwest Gas is a natural gas utility serving  
9                   approximately 1,900,000 customers in Arizona, California,  
10                  and Nevada.

11                  As part of my responsibilities, I have the  
12                  oversight of the corporate mill center located here in  
13                  Las Vegas, and I provide guidance to Division and District  
14                  Offices located throughout the region.

15                  I also have the opportunity to serve here on the  
16                  Postal Customer Council as the Co-chair.

17                  Southwest Gas really partners with United States  
18                  Postal Service in providing service and conducting business  
19                  with customers, shareholders, and vendors, and regulatory  
20                  agencies.

21                  We mail customer statements, shareholder  
22                  correspondence, vendor checks, and administrative and  
23                  business correspondence Monday through Friday. And our  
24                  mail centers process a full range of Postal Services daily.

25                  As a company, though, we understand the way people

1 community with business is changing. Southwest Gas  
2 recognizes the technological changes, and these drive the  
3 business process. And if this grant -- if this change to  
4 adjust the mail delivery is granted, Southwest Gas will  
5 need to modify our internal business processes to  
6 accommodate the change in mail service.

7 At this time, we do not anticipate that to be a  
8 major change in our business process. However, the full  
9 impact to our business cannot be determined at this time.

10 So we hold to that, and we thank you for the  
11 opportunity to be here. Appreciate your attention.

12 MADAM CHAIRMAN GOLDWAY: Thank you. And then  
13 Mr. Goldstein.

14 MR. GOLDSTEIN: Thank you, Chairman Goldway,  
15 Members of the Commission. Thank you for inviting me here  
16 today to testify.

17 My name is Arnold Goldstein, President, Postal  
18 Solutions, Inc., Florence, California.

19 I made this trip because I thought this was a very  
20 important hearing to testify at. I'm sorry.

21 Postal Solutions is a commercial mail receiving  
22 agency and a USPS-approved shipper that has been providing  
23 mail and receiving and sending services to local  
24 residences, businesses, and organizations for over 30  
25 years.

1           As a CMRA, we are part of a large network of  
2 private mailbox providers that was established in the early  
3 1900s.

4           CMRAs provide essential, enhanced services to the  
5 public that chooses to receive their mail via a CMRA.

6           We are open Monday through Saturday distributing  
7 mail to our customers upon receipt from the USPS. We also  
8 participate in the USPS-approved shipper program that  
9 recognizes the mail and parcel industry as a reseller of  
10 postal services and a partner with the USPS.

11           Postal Solutions, Inc. CMRA location consolidates  
12 the delivery of over 650 commercial, residential addresses  
13 to one carrier stop.

14           The capacity for the expansion of our private  
15 sector mailboxes is currently 900, and can be expanded to  
16 further consolidate deliveries to us. The capacity for  
17 expansion is limitless as the need for physical boxes is  
18 not always needed.

19           Postal Solutions, Inc. is concerned about the  
20 viability of the USPS. Reselling USPS services is an  
21 essential aspect of our operations. Our revenues of  
22 postal-related services represent approximately 35 percent  
23 of our operation. Our sales of postal products alone  
24 average over \$18,000 per month.

25           The savings that the five-day delivery will give

1 the USPS looks to be necessary, and operations such as  
2 Postal Solutions can help with the solution.

3 Under the current USPS proposed changes, USPS P.O.  
4 Box customers will continue to receive Saturday delivery  
5 service, while CMRAs will not receive any mail for their  
6 postal box customers. This will create an immediate  
7 condition of unfair competition that will result in direct  
8 damage to CMRAs, of which the effects cannot be  
9 predetermined. We believe that in order for the USPS to  
10 continue service to its own P.O. Box customers as proposed,  
11 CMRAs must also be included for Saturday mail delivery in  
12 any five-day delivery plan.

13 We are proposing that the network that Postal  
14 Solutions, Inc. and other CMRAs who are also USPS-approved  
15 shippers be part of an expanded program. The expanded  
16 program would include Saturday delivery for all CMRA  
17 USPS-approved shippers.

18 The increase in the network would generate  
19 additional revenue to the USPS without impacting labor or  
20 other costs. This number may continue to be expandable as  
21 CMRAs add mailboxes and locations to the increased sales  
22 activity of postal products.

23 We continually strive for a strong relationship  
24 with the USPS and believe that our relationship is truly a  
25 win/win.

1           The relationship between CMRA-approved shippers  
2 network and the USPS can have the synergistic effects and  
3 cost savings that we all strive for.

4           The system is already in place. Testing of the  
5 expansion would be minimal since the cost savings to the  
6 USPS has already been proven.

7           Each USPS-approved shipper is required to meet  
8 standards established by the USPS, as well as sign  
9 agreements, including those pertaining to Homeland Security  
10 issues.

11           The USPS-approved shipper program requirements  
12 sets high standards of stores that desire to become part of  
13 this program. This creates a partnership that is truly a  
14 win/win/win situation for the public, Postal Solutions, and  
15 the U.S. Postal Service.

16           Postal Solutions believes that our proposal is in  
17 alignment with Chairman Goldway's stated position in this  
18 matter. We request that PRC include this advice to the  
19 USPS for serious consideration as a proven means to  
20 minimize the impact on citizens, businesses, and public  
21 institutions.

22           Thank you for allowing me here today.

23           MADAM CHAIRMAN GOLDWAY: Thank you all, and thank  
24 you for keeping your remarks brief enough so that we can  
25 ask questions of you.

1 I guess I'll just begin briefly with  
2 Mr. Goldstein. I believe I heard you say that you forecast  
3 increased sales activity of postal products in the future.  
4 You see this as a growing part of your business.

5 Does that contradict in any way the Postal  
6 Service's forecast of declining volumes and declining  
7 business?

8 MR. GOLDSTEIN: Ours has been continually  
9 increasing, and I promote it among our stores, because I'm  
10 a mentor to many stores that the USPS-approved shipper  
11 program is our future, and it is because people want  
12 convenience, they want to go into locations close to home,  
13 and they don't want the long lines they encounter at the  
14 Postal Service offices. So we already see that. We see  
15 that growth.

16 MADAM CHAIRMAN GOLDWAY: And it's primarily in the  
17 package area you see that growth?

18 MR. GOLDSTEIN: No. It's in letters, Certified  
19 letters, all products other than Registered mail.

20 The downside is we see that if stores don't  
21 receive Saturday delivery, a lot of them may close and stop  
22 doing some of that retail business.

23 It may direct -- it may lead direct customers to  
24 other locations that don't do postal products.

25 MADAM CHAIRMAN GOLDWAY: Okay. And Mr. Bowen,

1 does your utility forecast a great deal of substitution to  
2 digital communication in the future, or are you going to  
3 continue to rely on the mail for your communications with  
4 your customers?

5 MR. BOWEN: I believe that we've tested the  
6 electronic market, and it has not thus proven to be the  
7 resource that the customers want.

8 However, that's not to say that it won't continue  
9 to grow. There is a definite push to go electronic because  
10 it's easier to handle a lot of the responses from people,  
11 as well as send the detailed bills to them.

12 MADAM CHAIRMAN GOLDWAY: But customers, for the  
13 most part, still --

14 MR. BOWEN: They still want their bills, yes,  
15 ma'am.

16 MADAM CHAIRMAN GOLDWAY: Mr. Underkoffler, you  
17 said that a reduction in delivery would really not be  
18 acceptable -- I think I understood you -- unless there was  
19 a corresponding improvement in service.

20 What kind of improvements would you think would  
21 balance the change.

22 MR. UNDERKOFFLER: I think looking for  
23 opportunities to take a point of view from the customer  
24 point of view.

25 So, in essence, today we have six days a week of

1 true business days for service. Under this proposal, it  
2 would be five days per week. How do we -- under the  
3 proposal, what are the plans to get that true customer  
4 experience back towards the -- back towards the six days a  
5 week kind of thing?

6 So how do you improve service for the true  
7 operational days in the future to hold down that same  
8 end-to-end transit time, I guess, if you will, from the  
9 point of inserting the mail into the mail stream to the  
10 point in time the mail is received by the customer?

11 MADAM CHAIRMAN GOLDWAY: So you'd want a  
12 commitment to delivery that was more secure than you  
13 currently have if you're going to plan for having these  
14 three days or four days without delivery. You want a more  
15 clear commitment to what that delivery would be?

16 MR. UNDERKOFFLER: Yes. A plan to kind of  
17 mitigate the reduction in service days by improving the  
18 operational service days.

19 MADAM CHAIRMAN GOLDWAY: And then one more  
20 question before I give it to the other Commissioners.

21 You said you participated with the Postal Service  
22 when it was first developing service standards.

23 Under the PAE, the Postal Service has to develop  
24 service standards, and we participate in measuring those  
25 service standards, but the standards are something most of

1 us did in cooperation with you.

2 And you're saying that there was no discussion of  
3 reducing service during that time?

4 MR. UNDERKOFFLER: Yes. I don't recall any  
5 discussions around reducing the total business days. So  
6 when everybody -- when we all worked on as a team the  
7 concept of true service standards, it was really predicated  
8 on the existing six days a week of operations and  
9 deliveries.

10 MADAM CHAIRMAN GOLDWAY: So if there was a  
11 different system, you would have to go back and revise  
12 those service standards.

13 MR. UNDERKOFFLER: Yes. We would look for the  
14 opportunity to be able to revisit the service standards and  
15 adjust them based on this proposal.

16 MADAM CHAIRMAN GOLDWAY: Okay. That's  
17 interesting. Thank you.

18 Vice Chairman Hammond, do you want to begin.

19 VICE CHAIRMAN HAMMOND: Thank you, Madam Chairman.  
20 I had just a few quick questions to get a little more  
21 information if I can.

22 And especially Mr. Goldstein. Appreciate you  
23 coming all the way over from Torrance in Orange County, and  
24 I can almost see on Torrance Boulevard where you're at, but  
25 I haven't been there for a while.

1 But anyway, I appreciate you coming over today.

2 You have really said that you want to help the  
3 Postal Service if they have to go to five-day delivery if  
4 that's what's going to keep them in business, keep them  
5 possibly prospering. You really want to support that, if  
6 possible, but that it also has to include CMRAs which  
7 currently are not going to receive Saturday delivery,  
8 right, under the proposal?

9 MR. GOLDSTEIN: Right.

10 VICE CHAIRMAN HAMMOND: So if, indeed, the Postal  
11 Service was just able to figure out a way to get delivery  
12 to your places, that's fine. Six to five-day you believe  
13 would work. Is that correct?

14 MR. GOLDSTEIN: That's correct.

15 VICE CHAIRMAN HAMMOND: Okay. So you also talked  
16 about additional revenue if that's the case.

17 Can you expand on how additional revenue might  
18 come into the Postal Service if, indeed, that was all done?

19 MR. GOLDSTEIN: We expect that -- there's a lot of  
20 CMRAs that are not authorized postal centers. Couple of  
21 reasons.

22 I've talked to a supervisor down in Santa Ana, and  
23 he does the inspections. He said there's some stores he'd  
24 go into, he would never give them an authorized  
25 authorization to sell postal product.

1           The other thing is, some don't want to do it.  
2           They don't see any benefit in it.

3           We believe that, if we expand this program, there  
4           will be a major increase in authorized postal centers, and  
5           is commensurate increase in product sales.

6           Currently, authorized postal centers get  
7           commercial plus pricing when they use either stamps.com or  
8           Endicia. So there is a cost savings to be part of the  
9           program.

10          But we're not seeing -- we have a large segment of  
11          our membership that does that, but we think that this would  
12          be the key to the future of a viable retail presence where  
13          they don't currently have one.

14          So it really ties together. And actually, the  
15          Post Office is the one that has really tied it together.

16          I don't know if you recall. In the late '90s, we  
17          used to call it the Postal Wars. There was a lot of things  
18          that went on, and there was a settlement of issues. And  
19          since then, we've worked hard to develop a relationship  
20          with the Post Office, and they have, also.

21          We see this move as contrary of that effort,  
22          because this is really a shot across our bow to say we're  
23          going to give our customers P.O. Box service, but yours  
24          don't get it.

25          VICE CHAIRMAN HAMMOND: Okay. Thank you.

1           Mr. Bowen, as a utility, the sending of bills and  
2 the remittance you get back from them, of course, is much  
3 about what you're involved with the Postal Service for.

4           And you say that thus far, you really haven't  
5 gotten your customers to go electronic, as you say. That  
6 they have simply preferred to stick with the U.S. Mail to  
7 receive their bills and to send their bills back in that  
8 way. That's basically what it's been?

9           MR. BOWEN: That's correct. The majority of those  
10 customers prefer to do that to this day.

11           VICE CHAIRMAN HAMMOND: If the Postal Service were  
12 to go from six- to five-day, you'd have to re-evaluate and  
13 to see what effect that might have where --

14           I talked to the utilities and other billing people  
15 who really would have -- they appreciate what the U.S.  
16 Postal Service does for them right now. Their goal still  
17 is to get out of the mail, if possible. I mean, you  
18 probably agree that that's one thing you would still like  
19 to do, if at all possible.

20           So would this speed that up if they went from six  
21 to five?

22           MR. BOWEN: That would depend on the customer,  
23 really. Because we're customer driven, whether or not it's  
24 an electronic bill and electronic payment is dependent upon  
25 their desire to participate.

1           So it really isn't up to us as the utility to  
2 determine that, because the method of billing is determined  
3 at the time that the customer signs up for service and they  
4 have that option.

5           VICE CHAIRMAN HAMMOND: Okay. All right. Thank  
6 you. I did want to ask Tom one question.

7           MADAM CHAIRMAN GOLDWAY: Sure. Go on. Everyone  
8 gets to ask one question per panel member.

9           VICE CHAIRMAN HAMMOND: I was just wondering. You  
10 talked about the potential negative it would have on the  
11 patients. And as you and I talked before, I get some of my  
12 pills from at times that I have to, and I appreciate your  
13 service and all.

14           And you've talked about the further difficulties,  
15 especially for rural folks and folks who don't have good  
16 Internet access and stuff like that.

17           But if, indeed -- and I assume it's partially  
18 involved in -- we're afraid we might run out of our  
19 medicine if we're going two or three days without receiving  
20 Postal Service, because that's the only way -- mail service  
21 is the only way to get to it.

22           And I totally agree with that. But most --  
23 whether it's the regular pharmacies or you or what --  
24 nowadays, don't most people either -- most of you remind  
25 people ahead of time that it's time to refill your

1 prescription? You send out an e-mail to people. Or in  
2 many instances they give a phone call to people like seven  
3 days in advance or ten days in advance and all that. And  
4 would it really be that big of a hassle for me just to  
5 remember that I'm going to run out on Wednesday, and I've  
6 got to go ahead one day earlier because I'm not going to  
7 get Saturday delivery? Is it really that big of a problem?

8 MR. UNDERKOFFLER: That's a good point, because we  
9 do have a lot of energy around trying to guide people  
10 towards making sure they've got plenty of medication on  
11 hand in a timely manner.

12 So to a point, yes, it could be mitigated by  
13 further, kind of, guiding people towards getting their  
14 medication earlier.

15 I think, unfortunately, the challenges -- and I'll  
16 include myself in the second of this -- is just that if you  
17 have people that do procrastinate, those are the ones who  
18 are going to be left with still having the challenge.

19 VICE CHAIRMAN HAMMOND: And indeed, that would be  
20 a cost to you, also. It would involve additional costs for  
21 you to put all that together?

22 MR. UNDERKOFFLER: Correct.

23 VICE CHAIRMAN HAMMOND: Yeah. Okay. Thank you,  
24 Madam Chairman.

25 MADAM CHAIRMAN GOLDWAY: My guess is the likely

1 people to forget to fill their prescriptions are older  
2 people like me who have a hard time with our memories.

3 Commissioner Acton, would you like to proceed?

4 COMMISSIONER ACTON: Thank you, Madam Chairman.

5 Mr. Underkoffler, you state that you would  
6 anticipate that nearly half of your customers would be  
7 impacted. How do you arrive at that figure?

8 MR. UNDERKOFFLER: Well, we look at our -- from  
9 a -- either from an inbound mailing and prescriptions --  
10 from an inbound perspective, or shipping medication from an  
11 outbound perspective.

12 We looked at the numbers received versus when --  
13 number shipped versus received and where that actually  
14 translates into on a given week. We used a number of weeks  
15 that included certain weekends, like a holiday, et cetera.

16 The average is right around 50 percent of our  
17 patients would experience an impact.

18 So again, it's a cumulative effect of inbound  
19 prescriptions, and also outbound medication being shipped  
20 out, too.

21 COMMISSIONER ACTON: Any estimate on the number of  
22 individuals that would include in that 50 percent.

23 MR. UNDERKOFFLER: So the number of individuals on  
24 a weekly basis would be probably in the 600 to 700,000 per  
25 week number.

1           COMMISSIONER ACTON: Has your company -- I've seen  
2 your operation, of course.

3           MR. UNDERKOFFLER: Yes.

4           COMMISSIONER ACTON: It's very forward-thinking  
5 and tightly run. Have you thought about what you might  
6 have to do option-wise if Saturday delivery is eliminated?  
7 If you still wanted to ensure Saturday delivery were  
8 needed.

9           MR. UNDERKOFFLER: Yes. We do have, certainly,  
10 some solutions we're working on for -- if Saturday delivery  
11 is absolutely needed, we have that ability today.

12           The challenge, again, unfortunately, is just the  
13 increased cost. As to whether that gets passed to the  
14 ultimate patient or is something borne by Medco is to be  
15 determined.

16           COMMISSIONER ACTON: And would that delivery  
17 method be United States Postal Service Express Mail?

18           MR. UNDERKOFFLER: From an overall perspective,  
19 likely not, from a Saturday side of the house. From an  
20 overall cost perspective, probably not.

21           COMMISSIONER ACTON: Do you have a cost estimate  
22 on average, sort of, additional expense to accomplish that  
23 in light of the elimination of Saturday delivery?

24           MR. UNDERKOFFLER: I do, but I don't feel  
25 comfortable with sharing that at this point in time.

1 COMMISSIONER ACTON: But you've worked it.

2 MR. UNDERKOFFLER: Yes, sir.

3 COMMISSIONER ACTON: Okay. That's good.

4 I have a question, please, for Mr. Goldstein.

5 Can you describe in general terms the type of  
6 customer that uses a private mailbox, and why Saturday  
7 delivery may be particularly key or not for that type of  
8 customer?

9 MR. GOLDSTEIN: We have a lot of home business  
10 customers, residents that move frequently, they just want  
11 to keep one mailing address.

12 I'm glad you asked the question because one of the  
13 situations we've had in the last year and a half, two  
14 years, is Unemployment checks. I have customers who have  
15 never been unemployed that are now unemployed, and the  
16 checks from Sacramento -- I don't know when they're mailed  
17 out, but historically, they're coming in on Saturday now.  
18 People are asking for us to check their mail Thursday and  
19 Friday, but we're seeing them all come in on Saturday. And  
20 that's from Sacramento to Torrance.

21 So that's the major impact, because these people,  
22 when they're calling for that check, they need it badly.

23 COMMISSIONER ACTON: Okay. Thank you, Madam  
24 Chairman.

25 MADAM CHAIRMAN GOLDWAY: Okay. So we might want

1 to ask the States when they're cutting those checks. If  
2 they're cutting them on Friday, then there might need to be  
3 some adjustments. That's -- your presumption is they're  
4 being issued on Friday, because it's a one-day delivery.

5 MR. GOLDSTEIN: I don't believe it is a one-day.

6 MADAM CHAIRMAN GOLDWAY: You think it's two days  
7 from Sacramento?

8 MR. GOLDSTEIN: I'm just going to tell you that we  
9 send letters to Sacramento from the Los Angeles area, and  
10 historically they take three to five days.

11 And the reason is, is the Post Office has a  
12 procedure wherein any delivery point within 600 miles does  
13 not go by airplane, it goes by truck.

14 Now, I know it's only a day to Sacramento by  
15 truck, but even when we mail our taxes and things like  
16 that, we see three to five days. And we're seeing the same  
17 thing on checks coming from Sacramento, even though they're  
18 presorted process.

19 So it's a little bit comical, but my line is, it's  
20 a day to New York and a week across town. That's the  
21 problem we see historically.

22 MADAM CHAIRMAN GOLDWAY: That's an issue for us to  
23 perhaps pursue at another time.

24 Commissioner Langley, do you want to proceed?

25 COMMISSIONER LANGLEY: Thank you.

1           Mr. Underkoffler, I have a question. From your  
2 testimony you mentioned that, for the most part, new  
3 prescriptions come in on Monday. Is there any reason for  
4 that?

5           MR. UNDERKOFFLER: I think just based on typically  
6 people -- I don't know if it's procrastination or just more  
7 around people's busy schedules in terms of when people have  
8 the ability to get to that and get it sent in.

9           So end the week, over the weekend it's processed,  
10 and typically we're able to pick them up for Monday morning  
11 processing.

12           So certainly, that is a huge kind of peak in the  
13 work week schedule for us in terms of inbound  
14 prescriptions.

15           COMMISSIONER LANGLEY: So if Saturday delivery for  
16 your business, as well as for the sender, if Saturday were  
17 eliminated, then the large day would be Tuesday probably.

18           MR. UNDERKOFFLER: Yeah. We would anticipate that  
19 day would move down, exactly.

20           COMMISSIONER LANGLEY: And then how would you have  
21 to shift your operations in order to accommodate missing  
22 one day of delivery?

23           MR. UNDERKOFFLER: We would -- from our inbound  
24 pharmacies, from our front-end pharmacies, we'd make the  
25 necessary workforce adjustments to make sure we were

1       staffed correctly for whether it was a Tuesday hit, or  
2       maybe on a holiday week a Wednesday -- Wednesday peak, it  
3       would definitely entail us adjusting our work schedules.

4               COMMISSIONER LANGLEY: Then you, I assume, have  
5       looked into -- as you've responded to Commissioner Acton --  
6       you've done a lot of looking at numbers, and you can see  
7       where you will have to change your delivery frequency and  
8       looking for better performance from the Postal Service if  
9       they are to eliminate this one day of delivery.

10              MR. UNDERKOFFLER: Yes. We certainly worked well  
11       with them over the years in terms of improving performance  
12       year over year. I expect to do that if this proposal were  
13       to move ahead. But yes, we certainly look to any and all  
14       ways possible to mitigate the effect of effectively  
15       removing a day a week of delivery, yes.

16              COMMISSIONER LANGLEY: Thank you.

17              Mr. Bowen, the Postal Service Chief Financial  
18       Officer told the Postal Board of Governors last week that  
19       companies who bill by mail spend an average of \$3.50 per  
20       bill. I don't want you to give out any proprietary  
21       information, but is that approximately correct.

22              MR. BOWEN: I would say that's probably accurate,  
23       yes.

24              COMMISSIONER LANGLEY: That is accurate. And so  
25       right now, you've mentioned that your customers are not

1 flocking to e-bill presentment or payment. But if there is  
2 a day of delivery eliminated, would you have a new push  
3 toward that? Offer incentives, perhaps, to your customers?

4 MR. BOWEN: I can't say that with any certainty,  
5 but I can tell you that it is an option that the customer  
6 has that's available to them to exercise at any time.

7 A customer can go to electronic billing, they can  
8 have it come in electronically and they can make payment  
9 electronically if they prefer.

10 Right now, the preferred method is, by the  
11 majority of the customers, the Postal Service.

12 COMMISSIONER LANGLEY: Has there been any uptake  
13 in customers moving to the other, or has it stayed pretty  
14 constant?

15 MR. BOWEN: Based upon the meetings that I had  
16 with people that watch all this, they say that it's pretty  
17 accurate right now and it's stayed the same. It hasn't  
18 really pushed one way or the other.

19 COMMISSIONER LANGLEY: So we're sort of creatures  
20 of habit.

21 MR. BOWEN: Yes, ma'am.

22 COMMISSIONER LANGLEY: Mr. Goldstein, I'm curious  
23 whether or not CMRA owners also have Post Office Boxes at  
24 postal facilities. You, as an owner, would you have a box  
25 that might be used in the event that Saturday delivery to a

1 particular CMRA was ended?

2 MR. GOLDSTEIN: We actually had a firms hold-out  
3 box that last we were spending about \$860 a year for. But  
4 under the CMRA address formatting, our customers couldn't  
5 use the P.O. Box. There was no provision for it, so we  
6 closed the P.O. Box.

7 COMMISSIONER LANGLEY: So you really would be left  
8 without an option.

9 MR. GOLDSTEIN: Well, an option if there was a  
10 firms hold-out means for us to pick it up, of course, that  
11 would be a good option, if we had to pick it up at the Post  
12 Office.

13 COMMISSIONER LANGLEY: But your customers could  
14 not have their mail -- could your customers have their mail  
15 delivered to that hold-out box in care of the actual CMRA?

16 MR. GOLDSTEIN: If the Post Office agreed to have  
17 a hold-out box for us to pick up on Saturday, yes, that  
18 would include all the mail for our customers.

19 COMMISSIONER LANGLEY: Thank you very much.

20 MADAM CHAIRMAN GOLDWAY: Mr. Bowen, do you have a  
21 sense of when your customers who use letter bill paying  
22 write their checks? Do you get a sense that they're --  
23 they actually sit down on the weekends to write their  
24 checks? Do you have an indication of what's the busiest  
25 day that you get responses back from customers?

1           MR. BOWEN: I asked that question. It varies.  
2           Depends upon the location and the actual service area where  
3           the customer is. So it's all over the map, literally.

4           MADAM CHAIRMAN GOLDWAY: Really? So your company  
5           is not too concerned about the fact that there won't be any  
6           mail processed on Saturday. It wouldn't delay that much of  
7           a payment that you receive.

8           MR. BOWEN: I asked that question specifically,  
9           because I needed to know that question in anticipation.  
10          And they said that right now, that they don't anticipate  
11          that that would impact a major problem for them.

12          MADAM CHAIRMAN GOLDWAY: Because I've heard from  
13          some companies that are concerned that the checks back to  
14          them --

15          MR. BOWEN: That would be our biggest area of  
16          concern, as well.

17          MADAM CHAIRMAN GOLDWAY: -- would be delayed.

18          MR. BOWEN: Anytime the revenue stream is  
19          affected, certainly it affects our ability to operate.

20          MADAM CHAIRMAN GOLDWAY: And Mr. Goldstein, you  
21          said if you got delivery at the CMRAs on Saturday, that  
22          that would be acceptable. But there won't be any mail  
23          pickup or processing of mail on Saturdays. Would that hurt  
24          your customers? Would that hurt you and your business  
25          model?

1 MR. GOLDSTEIN: I didn't think pickup was affected  
2 in this change. We currently have three pickups a day and  
3 one on Saturday.

4 MADAM CHAIRMAN GOLDWAY: I don't --

5 MR. GOLDSTEIN: Collections.

6 MADAM CHAIRMAN GOLDWAY: I --

7 COMMISSIONER LANGLEY: Collection is impacted.

8 MADAM CHAIRMAN GOLDWAY: My understanding is that  
9 there won't be any collection on Saturdays. It's not just  
10 delivery, but there won't be collection.

11 MR. GOLDSTEIN: That would have a major impact on  
12 us.

13 MADAM CHAIRMAN GOLDWAY: And there won't be any  
14 mail -- other than mail that's already in the system as of  
15 Friday, there won't be any mail processed that's picked up  
16 that's delivered to the Postal Service offices. You can  
17 deliver to Post Offices, but it won't be processed.

18 So, yeah. Collection will be impacted. So I  
19 think you need to consider that in reviewing what the  
20 concerns are.

21 Have you met with people in the postal operations  
22 to discuss your concerns? I know the Postal Service spent  
23 a great deal of time and effort going out to the mailing  
24 community to get input from mailers and made some  
25 adjustments in its initial proposal for Saturday delivery

1 based on those comments.

2 Did your group meet with them to get any input  
3 into that process?

4 MR. GOLDSTEIN: Our association -- I haven't heard  
5 of any meetings they've had. I know I haven't been  
6 contacted.

7 MADAM CHAIRMAN GOLDWAY: Okay. And I'll ask you,  
8 Mr. Underkoffler. What do you see as your peak level of  
9 service days?

10 Commissioner Langley asked you about the  
11 prescriptions that come in on Monday. But with regard to  
12 payment or input of the packages into the mail, what is  
13 your peak day in those different areas?

14 MR. UNDERKOFFLER: I don't know from a remittance  
15 perspective what day of the week, but I can say from an  
16 outbound package perspective, typically it's around the  
17 Wednesday timeline. So Tuesday to Wednesday, which kind of  
18 holds true if you were to follow through the inbound side,  
19 inbound processing, into the dispensing side of the house.

20 MADAM CHAIRMAN GOLDWAY: So by having a Tuesday or  
21 Wednesday, you're presuming that product is going to get  
22 there no later than Saturday.

23 MR. UNDERKOFFLER: Typically, yes, it would be  
24 Saturday or before, correct.

25 MADAM CHAIRMAN GOLDWAY: So you'd have to somehow

1 adjust your outbound processes to drop the mail off on  
2 Monday or Tuesday in order to make sure it got there during  
3 the week -- during that week.

4 MR. UNDERKOFFLER: Correct. We would -- yeah, we  
5 would look for additional ways to work out any  
6 additional -- any additional efficiencies to get the mail  
7 in sooner from an inbound perspective, whether it was  
8 guiding people towards making sure that they have that new  
9 prescription into us sooner. But yes, it would ultimately  
10 end up, if we wanted to still be able to have that  
11 prescription there before the weekend, yes, we'd have to  
12 push things forward a bit.

13 MADAM CHAIRMAN GOLDWAY: And then, as you answered  
14 to Commissioner Langley, you'd have to delay your  
15 prescription processing until Tuesday.

16 MR. UNDERKOFFLER: Correct. It does squeeze the  
17 work week, yes.

18 MADAM CHAIRMAN GOLDWAY: It does really make it  
19 difficult. One of the fundamentals of the regulatory  
20 regime that we operate under, we on the Postal Service, is  
21 that there's a balance between price and service. And if  
22 we're reducing service, what does it do to the price or the  
23 costs of the user of the mail?

24 And would this adjustment that we're talking about  
25 be a significant cost for your company in its operations,

1 or is it something that, with some careful planning, you  
2 think you could do and it seems to be worth it in the big  
3 picture of keeping the Postal Service's rates somewhat  
4 lower?

5 MR. UNDERKOFFLER: Yes. I think -- yeah, it's a  
6 tough equation. Because we are certainly all about service  
7 to our patients, and certainly the convenience they've got  
8 to get the medication to their house.

9 And as part of the overall drive towards cost  
10 control, it puts us in a really difficult position where  
11 certainly we would see service look to deteriorate on this  
12 in terms of to the home, and how would we accomplish some  
13 sort of cost control at the same time? So it seems like  
14 they are moving in different directions with this.

15 So in terms of overall dollars, again, don't want  
16 to completely state whatever I'd been asked before. We do  
17 have some numbers, but I'm not really comfortable sharing  
18 them, but it would be something we could, yes, probably  
19 largely mitigate, but it remains to be seen in terms of  
20 where those costs would go. Would they be borne by Medco  
21 or passed along in terms of those patients that absolutely,  
22 positively needed them before Saturday or on Saturday.

23 So there's a likely cost component of that that  
24 would actually increase, not reduce it.

25 MADAM CHAIRMAN GOLDWAY: And I guess I'd ask this

1 of both of you. The Postal Service tends to deal with its  
2 business mail customers. You're the ones who then  
3 interface with the individual mailer.

4 Do you have any sense of what your customers think  
5 about not being able to get the services that you currently  
6 provide to them on Saturday? Have you had any  
7 correspondence or conversations or measurement of that  
8 result?

9 We can do polling, we can have hearings. But have  
10 you had any conversations or direct contact with your  
11 individual customers?

12 MR. UNDERKOFFLER: I have not at a patient  
13 perspective, but there has been plenty of questions from a  
14 client perspective around what the impact will be.

15 Some of it is a wait-and-see type of scenario in  
16 terms of what would the likely outcome be and what would  
17 the impact be to our collectively their employees and  
18 patients. So certainly plenty of concern, but I don't  
19 think until the final answer is out there's a firm answer.

20 MADAM CHAIRMAN GOLDWAY: Mr. Bowen?

21 MR. BOWEN: I would agree with that. Nobody wants  
22 to get a bill Saturday or Monday or any other day. But I  
23 do think that people get important information on Saturday.  
24 And I know I appreciate having the mail that I get on  
25 Saturday, too. And it does give our customers the option

1 to make that payment then if they want to.

2 MADAM CHAIRMAN GOLDWAY: And Mr. Goldstein?

3 MR. GOLDSTEIN: As I stated with the Unemployment  
4 checks. But just generally, now that you brought up the  
5 issue of collection also being discontinued on Saturday,  
6 that would be a major impact because we have -- we send out  
7 literally thousands of letters and packages on Saturday,  
8 either because the local Post Office is closed, or this is  
9 when people do their business is on Saturday. And I don't  
10 think they would relish the thought of it going out on  
11 1:00 on Monday. That would be the case.

12 MADAM CHAIRMAN GOLDWAY: All right.

13 MR. GOLDSTEIN: But in our area, the Post Office  
14 has already discontinued, even at the main Post Office,  
15 morning collection. The earliest collection is 1:00 p.m.  
16 And that's at the main Torrance Post Office, which has  
17 approximately 500 postal workers. It covers a large area.

18

19 MADAM CHAIRMAN GOLDWAY: Okay. Thank you.

20 Questions?

21 VICE CHAIRMAN HAMMOND: Could I ask just one more  
22 general question?

23 MADAM CHAIRMAN GOLDWAY: Of course. We're okay.

24 VICE CHAIRMAN HAMMOND: Okay. And none of you may  
25 wish to comment on this, I don't know, but I would ask any

1 of you that might want to, since you have a microphone in  
2 front of you for now.

3 The Postal Service made this recommendation --  
4 made -- asked us for this opinion because the U.S. Postal  
5 Service is losing billions and billions of dollars.  
6 They've got to do something. They can't continue like they  
7 are.

8 And I know Mr. Underkoffler mentioned one  
9 alternative specifically involving the Retiree Health  
10 Benefit issue -- which this Commission Chairman will  
11 testify for has an opinion on.

12 But while you're -- if the U.S. Postal Service is  
13 not allowed to go from six- to five-day delivery, do you  
14 have an opinion on alternatives instead so that they're not  
15 losing the billions and billions that they are? Is there  
16 anything else that you want to put out there as something  
17 that they should do instead of proposing doing away with  
18 Saturday delivery? Apparently not.

19 MR. GOLDSTEIN: I'll speak up. I would like to  
20 see them work to expand the authorized USPS shipper  
21 program, because that is a program that they don't have to  
22 put any labor into. We put all the labor into it and we  
23 sell their product. And we sell UPS, we sell FedEx, some  
24 sell a little bit of BHO, which is international.

25 But primarily, we're allowed to then sell that

1 product and offer the best product for what the customer  
2 wants at that particular moment.

3 And that's why I promote the USPS-approved shipper  
4 program because it provides major choices to our customers.  
5 And, in a lot of cases, the Post Office is the best way to  
6 go, and our customers recognize it, and that's the way we  
7 go. We let them make the choice.

8 A lot of stores don't have that opportunity  
9 because of the lack of having the program expanded where  
10 they feel like they can make any kind of a profit at it.

11 VICE CHAIRMAN HAMMOND: Mr. Bowen?

12 MR. BOWEN: I don't know that there's any single  
13 solution to this at all, but there has to be something for  
14 them to do. Obviously, they can't continue the way they  
15 are. So they have to explore the options they have and  
16 look at what works best for everyone.

17 VICE CHAIRMAN HAMMOND: Okay. Thanks.

18 MR. UNDERKOFFLER: I would say, certainly they've  
19 laid out a plan -- or a multifaceted parts plan. I would  
20 still say at this point, kind of the largest dollars would  
21 come from some Congressional help, those two areas I  
22 mentioned.

23 Not that there's not other areas they're certainly  
24 actively working on, but from our perspective, those seem  
25 to be the two majors areas of opportunity right now.

1           VICE CHAIRMAN HAMMOND: Thank you. Thank you,  
2           Madam Chairman.

3           MADAM CHAIRMAN GOLDWAY: Any other questions?

4           COMMISSIONER ACTON: One for our friend from  
5           Medco. You mentioned earlier that 50 percent of your  
6           customers you thought might be impacted, approximately.

7           MR. UNDERKOFFLER: Correct.

8           COMMISSIONER ACTON: But what percentage -- do you  
9           know what percentage of your deliveries currently occur on  
10          Saturday?

11          MR. UNDERKOFFLER: I do, but not off the top of my  
12          head. I need to back into that number, but I can get that  
13          for you.

14          COMMISSIONER ACTON: Less than 50 percent?

15          MR. UNDERKOFFLER: Yes. It would be more from the  
16          50 percent either get delivery on Saturday or it's  
17          transcended on the weekend, so it would be a Monday or  
18          Tuesday kind of delivery. We do ship six days a week.

19          MR. ACTON: You spoke briefly your options in the  
20          event that the Saturday delivery is eliminated and that it  
21          may include delivery providers outside of the Postal  
22          Service.

23                 What if the Service was willing to negotiate a  
24          service agreement with you that could provide for the sort  
25          of service you want on Saturday at some sort of a

1 discounted rate or volume or efficiency needs?

2 MR. UNDERKOFFLER: That's something we would  
3 definitely be interested in as long as -- again, from a  
4 cost control perspective, if it was an attractive overall  
5 service, I guess, if you will.

6 COMMISSIONER ACTON: And one last question. In  
7 developing this proposal, the Postal Service sort of took a  
8 survey and polled a lot of its clients and tried to  
9 determine if Saturday was indeed the best option in terms  
10 of eliminating a day. Wednesday was also a day to consider  
11 eliminating delivery.

12 I was wondering if maybe you have a view that, if  
13 a day has to be eliminated, should it be a day other than  
14 Saturday?

15 MR. UNDERKOFFLER: Selfishly, from a parcel  
16 perspective, Saturday is really the best day of delivery.  
17 Typically, you have the most number of people home from the  
18 household. So in terms of people being able to get their  
19 packages, whether it's medication or whatever else, we  
20 typically have the highest percentage of people home that  
21 day and not needing a redelivery attempt.

22 COMMISSIONER ACTON: So for you, it's the worst  
23 choice.

24 MR. UNDERKOFFLER: It's the worst choice.

25 MR. BOWEN: For us, it doesn't really make a big

1 difference.

2 MR. GOLDSTEIN: Saturday would be the best choice.

3 COMMISSIONER ACTON: Thanks, gentlemen.

4 COMMISSIONER LANGLEY: Building on Commissioner  
5 Acton's question. Mr. Goldstein, because so many of the  
6 folks who use CMRAs are home businesses, Saturday isn't a  
7 day where you see a lot of people coming in to mail  
8 packages.

9 MR. GOLDSTEIN: To the contrary. It's one of our  
10 busiest days. This is when people that do have home  
11 businesses have the time to either -- to get their mail and  
12 to send out packages and letters and do their Certified  
13 and --

14 COMMISSIONER LANGLEY: So if there wasn't Saturday  
15 delivery, would that impact the CMRA in the sense of a  
16 customer might go to a postal facility instead to get a  
17 P.O. Box there if they're not receiving delivery on  
18 Saturday at their CMRA?

19 MR. GOLDSTEIN: Definitely. And that's our fear.  
20 That's why we feel that, although the six- to five-day  
21 proposal on the surface was a noncompetitive proposal, but  
22 to allow their P.O. Box customers to receive mail and not  
23 ours is definitely a competitive move.

24 COMMISSIONER LANGLEY: And there are some Post  
25 Offices that are not open on Saturday already, which means

1 that some of your CMRAs are probably not receiving Saturday  
2 delivery. Is that correct?

3 MR. GOLDSTEIN: No. We get full Saturday delivery  
4 service everywhere.

5 COMMISSIONER LANGLEY: So even if a nearby Post  
6 Office is closed and there's no delivery to the P.O. Boxes  
7 in those postal facilities, you're still getting delivery  
8 on Saturday, right? Now no matter what?

9 MR. GOLDSTEIN: I haven't heard of any CMRA that  
10 hasn't gotten a Saturday service.

11 COMMISSIONER LANGLEY: Thank you. One further  
12 question for Tom.

13 How would the proposal of eliminating Saturday  
14 delivery impact more remote areas? I know I've been to  
15 Montana. It's a big place, and certainly a lot of the  
16 ranchers and farmers there can't get their packages any day  
17 but on a Saturday when they have the time, perhaps, to take  
18 a break from their activities.

19 How is that going to impact the more remote areas,  
20 and what is Medco doing to look at that impact?

21 MR. UNDERKOFFLER: Maybe I'll answer the second  
22 part first. But in terms of the actual number of  
23 percentages, I was hoping to have that prepared for today.  
24 Unfortunately, I don't have an actual number of percentage  
25 of those more rural areas.

1           But we would unfortunately anticipate those areas  
2           being impacted as a percentage of total, it would be more  
3           of an impact for those areas.

4           So certainly where there's not a facility that's  
5           open on a Saturday today -- or, I'm sorry -- where there's  
6           not a facility that would get medication there on a  
7           Saturday, whether it would be from a tram station leg  
8           perspective, meaning it's so far out, it would really  
9           entail orders transcending Saturday, and likely Monday, so  
10          maybe more of a Tuesday we can count on orders. That's our  
11          challenge.

12          COMMISSIONER LANGLEY: Or could they end up being  
13          more expensive to deliver, too?

14          MR. UNDERKOFFLER: That would be the other  
15          alternative would be if they needed them, we would move  
16          toward a solution, if they required it, to place a more  
17          expensive package. So for those areas with disproportional  
18          for the additional cost, it would be either them, or us, or  
19          a combination thereof. So there's really not a good  
20          solution there.

21          COMMISSIONER LANGLEY: Thank you.

22          MADAM CHAIRMAN GOLDWAY: I think that concludes  
23          the discussion with these panelists today. Again, I want  
24          to thank you for your participation. And I think you can  
25          see that all of our Commissioners are actively engaged and

1 interested in this issue, and I believe the discussion we  
2 had really did elicit some new information and new  
3 perspectives for us to ultimately consider.

4 If you have additional comments or information  
5 you'd like to share with us, please submit it in writing  
6 for the record.

7 All of the testimony is on our website and  
8 available for people to peruse, and we'll try and get a  
9 transcript of your discussion. Yours will also be part of  
10 that record.

11 So with that, I'll be happy to excuse you and  
12 invite our next group of panelists. Thank you very much.

13 MR. UNDERKOFFLER: Thank you.

14 MR. GOLDSTEIN: Thank you.

15 MR. BOWEN: Thank you.

16 MADAM CHAIRMAN GOLDWAY: Welcome. This is our  
17 second panel. And I'll give you your names and then ask  
18 you to stand. Our second panel will begin with Yul  
19 Melonson, who is the Las Vegas District Manager for the  
20 United States Postal Service. And then we'll have Mr. Omar  
21 Gonzales, who is the Western Regional Coordinator of the  
22 American Postal Workers Union. And then finally we'll have  
23 Letter Carrier Rich Griffin, who is Vice President of the  
24 Nevada State Association of Letter Carriers.

25 Gentlemen, would you rise and raise your right

1 hand? Do you affirm that everything you're about to say is  
2 the truth and nothing but the truth.

3 MR. MELONSON: Yes.

4 MR. GONZALES: Yes.

5 MR. GRIFFIN: Yes.

6 MADAM CHAIRMAN GOLDWAY: Mr. Melonson, would you  
7 like to begin?

8 MR. MELONSON: All right. Chairman Goldway and  
9 Commissioners, good afternoon. My name is Yul Melonson.  
10 And I'm the Manager of the Nevada Sierra District for the  
11 United States Postal Service.

12 On behalf of the Postal Service, I welcome you and  
13 your staff to the fine City of Las Vegas. I have submitted  
14 a written statement for you to review and appreciate the  
15 opportunity to address you before taking questions.

16 I have served as the District Manager since  
17 October, 2009. This District has over 4,500 employees  
18 working in more than 200 facilities. In the last fiscal  
19 year we delivered 1.7 billion pieces of mail to more than  
20 1 million street addresses.

21 We also have over 230,000 Post Office Boxes.

22 Before my appointment as District Manager, I  
23 served as the Post Master of Las Vegas. Before then I was  
24 the Post Master of North Las Vegas, in which you guys just  
25 visited one of the CPUs in the North Las Vegas area.

1 I began my career as a Seattle Letter Carrier in  
2 1978 before becoming a delivery supervisor.

3 My postal experience includes service as bulk mail  
4 manager, both in Los Angeles and San Francisco, and mail  
5 process distribution both in Reno and Petaluma, California,  
6 and also as the Reno Post Master.

7 The Nevada Sierra District consists of the State  
8 of Nevada and parts of Northern California. It includes  
9 eight different three-digit zip codes. Our largest cities  
10 are Las Vegas and Reno, in which we also have processing  
11 plants.

12 The Nevada Sierra District provides retail and  
13 delivery service to approximately 2.6 million residents.  
14 We are most fortunate to employ managers, supervisors,  
15 letter carriers, mail handlers, clerks, and other employees  
16 dedicated to providing better customer service despite the  
17 increasing challenges.

18 Our District is a little unusual because much of  
19 our retail activity, nearly 40 percent, takes place outside  
20 traditional main Post Offices stationed in branches.

21 We have, for example, four Post Office Express  
22 locations, which are retail units staffed by postal  
23 employees located in Albertsons grocery stores.

24 Most districts have a lot of consignee locations  
25 where stamps can be purchased. We have 844, including

1 groceries, drug, office supply stores and ATMs.

2 The District relies upon 24 automated postal  
3 centers, which are computerized retail systems which  
4 customers can access about 85 percent of retail options,  
5 buy stamps, and weigh and rate packages while exploring and  
6 choosing service options.

7 Nevada Sierra District ranked second nationally in  
8 total agency revenue among all districts.

9 Of course, our District also has the usual range  
10 of independent Post Offices stationed in branches, plus 50  
11 approved shippers.

12 We currently have 37 contract units which bring in  
13 about a 50/50 mix of stamp revenue versus weigh and rate  
14 traffic.

15 I understand that the Commission is here today in  
16 connection with the Postal Service request for advisory  
17 opinion regarding certain changes in the Postal Service. I  
18 am told that the Postal Service request is supported by the  
19 testimony of 11 witnesses, Senior Postal Executives, and  
20 other experts who will appear before the Commission in  
21 July.

22 I trust that the Commission intends to direct  
23 questions about the policy rationale, as well as  
24 operational financial aspects of that plan to those  
25 witnesses.

1           What I can do today is to share with you some  
2           local data relevant to the broader operational and  
3           financial challenges that face the Postal Service.

4           The Nevada Sierra finds itself an epic center of  
5           changes in mailing behavior in the economy that have, in  
6           recent years, driven down mail volume and postal revenue.

7           We are all aware that the Internet is changing the  
8           way that people and business communicate. The impact of  
9           the current recession also has been traumatic here in  
10          Las Vegas.

11          As business was booming, so were residential  
12          construction, population growth, and expansion of delivery  
13          network.

14          The recession stopped all that and has taken a lot  
15          of postal business with it. As I reflected on my written  
16          statement, from quarter one of fiscal year 2005 to the same  
17          quarter in 2010, the Nevada Sierra District saw a volume  
18          decrease of more than 25 percent while revenue declined  
19          17 percent. At the same time, the total number of city and  
20          rural carrier delivery points have increased by 13 percent.

21          We now have much less mail volume generating much  
22          less revenue with which to support our expanded delivery  
23          network.

24          Accordingly, it does not surprise me that senior  
25          postal management has determined that very significant

1 operational and service changes are necessary for the  
2 long-term financial stability of the Postal Service.

3 When the Postal Service implements any service  
4 changes, I will be responsible for communicating these  
5 developments to all the customers in the District. With  
6 guidance from headquarters and the western area, I will  
7 ensure that postal management and employees in the Nevada  
8 Sierra District communicate effectively to the customers  
9 with changes -- what changes are coming and when.

10 While change may not always be welcome, effective  
11 communication about change is a core of successful customer  
12 service.

13 I thank you for the opportunity to appear before  
14 you today and provide the statements. I will try to answer  
15 your questions. If I am not the right person to provide an  
16 answer, I will work with the Postal Service Council to  
17 ensure that the Commission gets a response.

18 MADAM CHAIRMAN GOLDWAY: Thank you, Mr. Melonson.  
19 Now, Mr. Gonzales?

20 MR. GONZALES: Yes, thank you. Good afternoon.  
21 Madam Chairman, Members of the Commission, my name is Omar  
22 Gonzales, Western Region Coordinator of the American Postal  
23 Workers Union, AFL CIO, and a mail processing clerk.

24 On behalf of the 250,000 members of my Union, I  
25 thank you for holding these hearings to examine one of the

1 most significant changes the Postal Service has ever  
2 presented to your Commission.

3 The mission of the U.S. Postal Service is to  
4 provide the nation with affordable universal mail service.  
5 The Government of the United States authorized by the  
6 Constitution and created by Congress established the U.S.  
7 Postal Service as a basic and fundamental service.

8 Eliminating 52 days of universal service, and you  
9 add Sunday, that's 104 days, and then the holidays, of  
10 course, will deprive millions of citizens of the right to  
11 receive their mail and public confidence in this  
12 institution which preceded the founding of this great  
13 country would erode further.

14 Millions of Americans depend on Saturday delivery  
15 to receive prescriptions of drugs, as you heard today.  
16 Checks, newspapers, periodicals, church notices, community  
17 event notices, and many businesses, including banks,  
18 operate on a six-day week.

19 Many citizens and businesses plan, as you heard  
20 again today, for their mail to arrive on Saturday.

21 The Postal Service's public relations campaign to  
22 sell the American public on elimination of Saturday  
23 delivery has already caused businesses to experiment and  
24 seek alternative means of delivery in anticipation of  
25 five-day delivery. This is taking mail volume out of the

1 stream and adding to declining revenue.

2 The financial picture painted by the Post Master  
3 General of our projected loss of 238 million over the  
4 next -- excuse me -- 238 billion over the next ten years  
5 has been exposed, with all due respect, as asperous  
6 analysis of reality.

7 The Postal Service would have to lose  
8 approximately 24 billion each year for the next ten years  
9 to arrive at that projected theoretical figure. Yet that  
10 is the figure of the premise being touted in the media  
11 campaigns by the Post Master General to garner public  
12 support for the elimination of 52 days of extra postal  
13 service to America.

14 We echo the Chairperson's comments on the  
15 unresolved issue, which is a major impact on postal  
16 finances, and that's to address the Retiree Healthcare  
17 Liabilities and Pension Funding.

18 The Postal Accountability and Enhancement Act of  
19 2006 virtually has forced the United States Postal Service  
20 into insolvency.

21 We do not agree nor support the Postal Service's  
22 Board of Governor's action approving the Post Master  
23 General's plan to end six-day delivery. The estimated  
24 savings of 3.1 billion per year will not offset the  
25 billions of dollars in revenue that will be diverted from

1 postal coffers by millions of Americans seeking  
2 alternatives.

3 Slowly the economy is showing signs of rebounding.  
4 Reports indicate that in quarter one, American households  
5 saw an increase of credit card solicitations by 29 percent  
6 from the same time the previous year.

7 There are signs of growth in the parcel delivery  
8 business for the Postal Service.

9 Eliminating Saturday delivery will result in  
10 private careers filling the void and making a profit at the  
11 expense of American people.

12 While volume may never return to 2006 levels,  
13 modest but steady returns coupled with repeals of the  
14 unreasonable requirements to prefund retiree health  
15 benefits will go a long way to stabilizing the Postal  
16 Service.

17 Slowly but markedly, the losses in revenue are  
18 shrinking compared to previous losses as the recent  
19 disclosure the financial reports reported to reveal.

20 Madam Chair, Commissioners, there are many other  
21 ways in which the Postal Service could save millions. An  
22 example is compliance with the nation's safety law so as to  
23 avoid hundreds of thousands of dollars in unnecessary  
24 fines, or merely complying with their own requirements of  
25 regulating overtime which cost the Postal Service

1 \$79 million in 2009 alone, according to a recent OIG  
2 report.

3 There are relocation costs of employees being  
4 reassigned in their network plan that's costing millions of  
5 dollars.

6 At a time when the Postal Service should be  
7 exploring every available means to increase volume and  
8 revenue, including compliance with contracts, regulations  
9 and statutes, the seriously flawed effort to cut services  
10 will only undermine the viability of Postal Services in  
11 this country.

12 The elimination of blue box collections on  
13 Saturday only exacerbates the already decimated reduced  
14 number of such boxes made available in most communities.

15 Coupled with the efforts of the Post Master  
16 General to close supposed unprofitable Post Offices under  
17 the guise of optimization undermines the mission of the  
18 Postal Service as envisioned by the United States  
19 Government for the people.

20 As far as our own membership and those of our  
21 co-workers and the other crafts, we are proud to render  
22 services, despite the fact that we have very little say on  
23 how we are allowed to provide that service.

24 While it is true that the elimination of a day of  
25 delivery will have an effect on postal workers through

1 altered mail processing and maintenance schedules,  
2 modifications supposedly intended to save money, the effect  
3 on the American public and on business will eventually  
4 result in a death spiral the Postal Service may never  
5 recover from.

6 The American Postal Workers Union urges the  
7 Members of the Commission to render an opinion that rejects  
8 the Post Master General's proposal to reduce mail delivery  
9 to five days per week, and preserve prompt, reliable and  
10 efficient postal services to customers in all areas and all  
11 communities. Thank you.

12 MADAM CHAIRMAN GOLDWAY: Thank you, Mr. Gonzales.  
13 And now Mr. Griffin.

14 MR. GRIFFIN: Good afternoon, Chairman Goldway and  
15 distinguished Members of the Commission.

16 My name is Rich Griffin, and I'm actually a  
17 working letter carrier here in Las Vegas. I have carried  
18 mail for almost 30 years here in our beautiful, sunny  
19 desert.

20 During that time, I've also been involved with the  
21 Postal Service on many different committees as a National  
22 Association of Letter Carriers representative, that  
23 involved either looking for ways to save money or improving  
24 the way we do business.

25 I'm also an NALC arbitration advocate, and I deal

1 with both contractual and disciplinary problems.

2 So I thank you for inviting me today to testify on  
3 behalf of the Nevada State Association of Letter Carriers,  
4 where my current responsibility is to track national and  
5 state legislative issues.

6 In addition to the written testimony that I've  
7 already submitted, I would like to add some oral testimony  
8 for the record, as well.

9 Now, this City of Las Vegas is famous for offering  
10 entertainment 24 hours a day, 7 days a week. For visitors,  
11 it's a 24/7 vacation, but for those of us who live here,  
12 this is the way we earn a living. For our hotels, our  
13 vendors, and companies, it's a 24/7 business city. And  
14 that's why cities like Las Vegas need to keep the mail  
15 coming at least six days a week. And that is why I urge  
16 this Commission to reject the Postal Service's proposal to  
17 eliminate one day of service.

18 I know that my household is similar to many others  
19 in this country. We get paid on Fridays. We make out our  
20 bills on Friday night and we mail them out on Saturdays.

21 If we don't mail them out on Saturdays, they're  
22 going to be late, and that's going to be an impact on  
23 everybody that does that.

24 It's just funny to me how management simply  
25 forgets that we are called the Postal Service. That word

1 "service" means that everything we do, we do to make our  
2 customers happy.

3 Saturday delivery is very important to everyday  
4 Nevadans, whether they are seniors who depend on mail-order  
5 prescriptions or their Social Security checks, veterans who  
6 depend on those things, also, customers who purchase fresh  
7 fruit or other goods online, for example Netflix, or the  
8 readers of church bulletins and newspapers.

9 If Saturday delivery is eliminated, each and every  
10 one of them will be affected. If that day or any other day  
11 is eliminated, our customers will look for alternate  
12 methods of delivery. And once that happens, you can hear  
13 the death knell for the Postal Service.

14 Many companies are already looking into that very  
15 situation. We have had that situation here in Las Vegas  
16 with disastrous results. Alternate delivery methods of  
17 newspapers and things of that nature, cluttered up  
18 driveways, and customers were extremely upset.

19 Nobody delivers for the price that we do it.  
20 Other companies deliver on Saturdays, but they charge a  
21 higher rate and the customer suffers.

22 This past weekend just happened to be Mother's  
23 Day, and that always falls on a Sunday. And I know  
24 firsthand of the number of Express Mail cards that we  
25 delivered on Saturday for moms to get on Sunday. And I

1 don't know how many moms would be upset if that Saturday  
2 delivery was eliminated.

3 As a letter carrier, I can tell you firsthand of  
4 the special bond that we have with the American public. We  
5 are the face of the Postal Service and have built a trust  
6 that is second to none. Elimination of that day of service  
7 is going to damage that trust.

8 Furthermore, it could result in a loss of 75,000  
9 jobs throughout this country, 400 here in Nevada alone.

10 Now, earlier I spoke of this being a 24/7 town.  
11 That's true. But many Las Vegans are home only on Saturday  
12 to receive the packages and the Certified mail that we've  
13 attempted earlier in the week. They asked us to bring it  
14 back out to them on Saturday when they're home.

15 Sure, the Postal Service says they can go down to  
16 a Post Office and pick it up. Again, they forgot the  
17 service part of Postal Service. Why should they waste  
18 their time and their money and their gas when we can do it.

19 Plus, in our seniors centers, those people are  
20 unable, perhaps, to get to drive to a postal station or  
21 have access to public transportation.

22 Similarly -- and any type of collection pickup by  
23 the most trusted letter carriers in the world will result  
24 in mailers looking for more ways to mail their products,  
25 and they will not include us in that plan.

1           My dad used to tell me that it's stupid to cut off  
2           your nose to spite your face. That seems that's what the  
3           Postal Service is doing with this proposal they have.

4           They said that eliminating one day of service is  
5           going to eliminate all of our ills. Nonsense. Congress  
6           can eliminate our financial problems by returning the  
7           \$72 billion that was overpaid into our Retiree Fund and  
8           eliminate future payments into our Retiree Health Plans.  
9           Those funds would still be fully funded at no loss to the  
10          customer, the taxpayer.

11          I spoke personally with Post Master General Potter  
12          two months ago. I happened to be coming out of Senator  
13          Reid's office discussing a postal problem, and he was  
14          sitting there. And I asked him specifically, if that  
15          \$72 billion was returned, would you have to eliminate a day  
16          of service? He said, "Rich, absolutely not."

17          I see no problem with that. If we get the money  
18          back, then we don't have a problem with that.

19          But we need to figure out ways to improve our  
20          service. Perhaps one of the ways -- and add revenue at the  
21          same time -- stop wasting money.

22          Right now, the Postal Service has an initial cost  
23          of \$1.4 billion on flat sorter machines. Looks good on  
24          paper. The only problem is, they're not working. Postal  
25          Service isn't giving us any kind of data as to how much

1 money they're saving and the cost-effectiveness of it,  
2 because they say it's volume generated. If there's no  
3 volume, then they don't do what they're supposed to do.  
4 But they're continuing to spend more and more money on  
5 these machines that aren't working.

6 Other things that the Postal Service is doing is  
7 installing cameras in vehicles. GPS things in vehicles.  
8 All to track what the letter carrier is doing.

9 I thought that was the job of the postal  
10 supervisor. They get paid pretty well to follow us on the  
11 street and see what we're doing, you don't need that kind  
12 of expense, it's just a waste of money.

13 Here in Las Vegas we have a saying. "Don't chase  
14 lost money with new money." That seems to be what they're  
15 doing, and there's a lesson to be learned from that.

16 So again, I would like to thank the Commission for  
17 alerting the public to the funding issues that we have, and  
18 again, urge you to reject any and all proposals to  
19 eliminate any service day.

20 Thank you for taking my testimony, and I'm happy  
21 to take any questions that you have for me.

22 MADAM CHAIRMAN GOLDWAY: Thank you, Mr. Griffin,  
23 and thank you all for very thoughtful and articulate  
24 testimony.

25 I'd like to begin, if I may, with Mr. Melonson.

1           Earlier today the Commissioners went to visit a  
2 CPU in Northern Las Vegas at a convenience store there near  
3 the freeway, and we were told that revenues there are  
4 significantly ahead of the same period last year by great  
5 proportions. I don't remember exactly, but it sounded like  
6 15 percent or higher. And that that was similar in the  
7 other 10 CPUs, 9 CPUs run by this same company.

8           You gave us figures comparing 2005 to 2010. What  
9 would your figures be 2009 to 2010? Have you seen an  
10 increase overall that's in any way comparable to the  
11 increase that these 10 CPUs reported to us this morning?

12           MR. MELONSON: What I can speak to is 40 percent  
13 of our revenues come from our alternate access. I do not  
14 have that actual data in front of me, but as far as our  
15 revenues for the Postal Service, our actual visits are up  
16 .1 percent to our actual Post Offices, but we're down  
17 2.6 percent in actual revenue, which equates to 1.7 million  
18 less than what we had in 2009.

19           MADAM CHAIRMAN GOLDWAY: So the revenue is down in  
20 the Post Offices that you run?

21           MR. MELONSON: Yes.

22           MADAM CHAIRMAN GOLDWAY: And you can't tell me  
23 about the revenue that's in these others.

24           MR. MELONSON: I don't have the information with  
25 me, but I could get that for you.

1           MADAM CHAIRMAN GOLDWAY: Do you think that there's  
2 a shift from your Post Offices to the CPUs?

3           MR. MELONSON: I'm pretty sure there will always  
4 be a shift because the customers will go where it's  
5 convenient for them, with us opening the CPUs and other  
6 alternate accesses. That's where they will go get service.

7           MADAM CHAIRMAN GOLDWAY: Is there any way to make  
8 the Post Offices more convenient?

9           MR. MELONSON: Well, we're always working on our  
10 wait time in line issues, because customers do not like to  
11 wait. So we have had processes that we are working to  
12 decrease the amount of time that a customer waits. You  
13 know.

14           And I could give you an example. For here in  
15 Vegas, we've modified it and set up where we kind of --

16           We have this restaurant chain here called In N  
17 Out. And so anytime they get a long line, they send one of  
18 their employees out to the cars.

19           So I kind of created a form that we go out to the  
20 lobby and have them set up ahead of time. With that, I've  
21 received a recent letter from a customer, and if you don't  
22 mind, I could read this to you.

23           MADAM CHAIRMAN GOLDWAY: Sure.

24           MR. MELONSON: "Today I visited the Post Office to  
25 both renew my passport and mail a small letter package. I

1 must have fallen down from the proverbial rabbit hole  
2 because I experienced a level of service that would make  
3 being a millionaire customer at Nordstrom's look bad.  
4 Frankly, it was beyond exceptional.

5 First, a nice gentleman greeted me, asked me what  
6 my business was, handed me a vinyl activity card, and then  
7 showed me to a seat to wait for my passport lady, Deborah.

8 In less than five minutes, I was whisked in, had  
9 my photo taken, forms checked, got some helpful advice, and  
10 was routed over to the clerk, Vita, to purchase a required  
11 money order and postage, et cetera.

12 Everyone was incredibly pleasant and helpful. The  
13 vinyl card idea is fabulous, and never in my life have I  
14 had a similar experience at any capitalized retail store.

15 And yes, I used to be a millionaire shopper at  
16 Nordstrom's. This card routing is a great innovation."

17 So I am working on helping the customers in my  
18 Nevada Sierra District.

19 MADAM CHAIRMAN GOLDWAY: I am always delighted to  
20 hear positive responses from customers, and I hope you pass  
21 that program that you've implemented around so it can be  
22 implemented in other Post Offices. Has that Post Office  
23 improved its revenues?

24 MR. MELONSON: Yes, it has, and also increased the  
25 customer visits.

1           MADAM CHAIRMAN GOLDWAY: Okay. And then I guess  
2           there must be a particular problem in Las Vegas with the  
3           housing domical in that you must have whole neighborhoods  
4           where the number of deliveries in a neighborhood is  
5           reduced, so you're walking by empty houses to get from one  
6           to the other.

7           MR. MELONSON: That's correct, because we're one  
8           of the highest foreclosure cities in the nation.

9           MADAM CHAIRMAN GOLDWAY: So has that been a burden  
10          in terms of additional costs for the Postal Service in this  
11          area?

12          MR. MELONSON: Well, with the decrease in volume,  
13          and even though those deliveries aren't being made, it's  
14          like a fixed cost to us that we have to go through and make  
15          deliveries no matter if we have mail for them or not. So  
16          it's a fixed cost every day.

17          MADAM CHAIRMAN GOLDWAY: From year 2009 -- from  
18          2008 to 2009, did you have a decreasing number of delivery  
19          points because there were people who moved out and were no  
20          longer living in those homes in the suburbs, so you had --

21          MR. MELONSON: Yeah. We had a decrease in  
22          vacancy --

23          MADAM CHAIRMAN GOLDWAY: Delivery points.

24          MR. MELONSON: Yeah, points. As far as vacancies.  
25          Not actual points, but vacancies.

1           MADAM CHAIRMAN GOLDWAY: Well, you don't deliver,  
2 do you, when it's vacant?

3           MR. MELONSON: We don't make delivery to the  
4 vacancies, but we still have to go by those homes.

5           MADAM CHAIRMAN GOLDWAY: I understand that the  
6 route is longer. Okay.

7           And I wanted to ask Mr. Gonzales about whether  
8 you've seen in the plants themselves any indication of an  
9 increase in volume that's related to this economic upturn.

10           You talked about credit card solicitation growing,  
11 and that was an announcement by the advertising industry,  
12 but what do you see in plants?

13           MR. GONZALES: I've seen in visit to plants,  
14 Sacramento being one, Los Angeles, another in Anaheim and  
15 Santa Ana, a slight increase in mail volume, but I've also  
16 witnessed what is called low leveling, a process by which  
17 the Postal Service managers actually delay mail  
18 deliberately in order to have mail to process, they say.

19           Now, they're supposed to report that delayed mail  
20 in some kind of delayed mail report. But what they're  
21 trying to do is they're trying to have mail in the delivery  
22 units for letter carriers to process as they come back from  
23 the street. And they send clerks home or they reassign  
24 clerks.

25           That causes, of course, a domino effect on window

1 services and the back-end work that's processed in the  
2 delivery unit.

3 But that's what I've seen. I've seen where the  
4 mail volume comes in, because there's an increase in volume  
5 or not, what we see is mail just sitting there.

6 MADAM CHAIRMAN GOLDWAY: Okay. I see. That might  
7 relate to the five days it takes to go from Southern  
8 California to -- or Sacramento to Southern California, just  
9 what Mr. Goldstein said. We'll have to look into that  
10 surface issue at another hearing.

11 Mr. Griffin, I'll ask you one question. I'm  
12 wondering whether you know, of those people who fill out  
13 the form that you've left for them saying that there's a  
14 package and you have sign for it, what percentage of those  
15 ask for Saturday delivery versus just come tomorrow? Does  
16 anybody keep track of that?

17 MR. GRIFFIN: I don't have an accurate number on  
18 that, I can only go by my own route which I deliver.

19 If I leave a notice on a Thursday or a Friday,  
20 it's going to be on a Saturday for redelivery.

21 Earlier in the week it may be that they're off on  
22 Wednesday or Thursday. So, again, I can't give you an  
23 accurate number, just on my own route.

24 MADAM CHAIRMAN GOLDWAY: Do you get a sense from  
25 Las Vegas, because of the nature of the business here,

1 which is entertainment, that there are fewer people who  
2 work the straight 9:00 to 5:00 jobs than in other cities?

3 MR. GRIFFIN: No. At one point, yes. I've lived  
4 here in Las Vegas for almost 40 years. And when I first  
5 got here, that was the norm. But we have more 9:00 to 5:00  
6 people now than at any time.

7 When I got here there was 60,000 people in the  
8 county. I think we have 1.5 million now. Most of them  
9 have a 9:00 to 5:00 job.

10 MADAM CHAIRMAN GOLDWAY: Okay. Thank you.  
11 Question, Mr. Hammond?

12 VICE CHAIRMAN HAMMOND: I would defer to my  
13 colleagues for now if they want to start.

14 MADAM CHAIRMAN GOLDWAY: Okay. Sure. Mr. Acton?

15 MR. ACTON: Thank you, Madam Chair.

16 First of all, I just want to congratulate and  
17 thank you all for your distinguished service. You folks  
18 are the greatest resource in the Postal Service.

19 There's been some talk about this question on  
20 refinancing for healthcare pension costs. And I always  
21 hesitate to speak on behalf of my other Commissioners, but  
22 I believe it's safe to say that we're on the record  
23 expressing to Congress and anyone else we ask that we  
24 second your views in that respect.

25 There's been some studies on it, and we'll be

1 doing some more studies on it so we're hoping to find some  
2 enlightenment on it.

3 Finally, a question for you, Mr. Melonson. I  
4 think you mentioned that the District here is having  
5 increased presence of APCs, automated postal centers. And  
6 I'm wondering if you're having any reliability issues with  
7 those.

8 MR. MELONSON: Well, we haven't had an increase,  
9 we have 24. We're trying to get more for us because -- for  
10 this District because we are showing second in the country  
11 as far as the revenues. And we average weekly per APC  
12 around \$6,500.

13 I haven't -- there's been a few, you know, issues,  
14 but nothing major, and normally it's fixed within 24 hours.

15 The only thing is, even being second in the  
16 country, same period last year, those same APCs were  
17 generating \$7,000 a week.

18 And so we're generating 6,500 a week and we're  
19 second in the country.

20 COMMISSIONER ACTON: So you regard the use of the  
21 APCs as a real and viable option that you can rely upon to  
22 provide the sort of service that's called for.

23 MR. MELONSON: Yes. Because most of them are in  
24 facilities that are 24 hours. And to go back to what Rich  
25 was saying, we're a 24-hour town, so anybody could mail

1       anytime.

2                   COMMISSIONER ACTON:   Okay.   One last question.

3       This is for Mr. Griffin, please.

4                   You speak a bit about delivery on Saturday and how  
5       postal carriers build a special relationship as a result of  
6       their interaction on that day with their customers that  
7       they aren't able to enjoy on other days of the week.

8                   Can you talk a little bit about how that sense of  
9       trust and relationship is fostered by having an opportunity  
10      to visit with your customers on Saturday.

11                  MR. GRIFFIN:   Well, because -- again, on my  
12      particular route, I don't have the silver boxes and the  
13      CBUs that you see in other parts of the country.

14                  Here in Las Vegas, they're around a lot, but mine  
15      is mostly behind the curb delivery where I get out, and my  
16      customers are out there on the curb.   Usually on Saturdays  
17      they're washing their cars, or they're watching their  
18      children play in the street or something along those lines,  
19      and that's how I get to interact with them on Saturdays  
20      because they're home that day.

21                  And they've known me -- I've had the same route  
22      now for almost 20 years.   I've watched their children grow,  
23      I've watched graduations come and go.   I've been invited to  
24      parties at their homes and that type of thing.

25                  But they also know that, if they say Rich, can you

1 find this letter for me? Because your relief guy couldn't  
2 find it. Rich is going to get it for them. He knows where  
3 all the skeletons are buried in the Postal Service for some  
4 reason. But he can find it.

5 And my people really do appreciate what I do for  
6 them. I'll buy them their stamps. Or during the Christmas  
7 season we sometimes get to mail packages before the windows  
8 are actually open for service to the general public. I'll  
9 take them for them and mail them off for them. That's the  
10 type of service we do.

11 I firmly believe that that's my job as a postal  
12 letter carrier. I give service to my people and they  
13 appreciate it.

14 COMMISSIONER ACTON: That's good to know. And the  
15 focus of the courier goes to the uniqueness of the Saturday  
16 experience.

17 MR. GRIFFIN: Okay. Well, again, on Saturdays is  
18 when I get in meet the majority of my people.

19 During the week, it's kind of like a tombstone. I  
20 don't see too many of them out there, other than my  
21 seniors. They're around. But on Saturdays is when I see  
22 the majority of them.

23 MADAM CHAIRMAN GOLDWAY: Thank you, gentlemen.  
24 Commissioner Langley?

25 COMMISSIONER LANGLEY: Thank you very much. And I

1 also thank you for your public service. I'm sure that  
2 together, the three of you have over 100 years of service  
3 to the Postal Service.

4 I do want to, one, say to Mr. Melonson. I hope  
5 the Postal Service -- postal headquarters is taking your  
6 program and looking at making it nationwide. I think it  
7 would be very helpful to all facilities.

8 I am curious. The topic of percentage of parcels  
9 that are actually delivered on Saturday, does the Postal  
10 Service keep track of the percentage of parcels that are  
11 actually delivered on particular days?

12 MR. MELONSON: Yeah. We have parcel delivery  
13 reported on a daily basis and for every single day that we  
14 deliver.

15 COMMISSIONER LANGLEY: And where does Saturday  
16 come in?

17 MR. MELONSON: I don't have that figure in front  
18 of me, but I can get that for you.

19 COMMISSIONER LANGLEY: I think it would be  
20 interesting for us to have that figure. I'm wondering  
21 whether there are retail postal facilities that are closed  
22 on Saturdays in your District.

23 MR. MELONSON: I know we do have some, but I don't  
24 have the number in front of me, and I could get that for  
25 you. But the majority of them are open on Saturday.

1           COMMISSIONER LANGLEY: The majority are open. I  
2 believe there's a small percentage, about 17 percent  
3 nationwide, that are actually closed on Saturday.

4           Those customers who are served by a facility that  
5 would be closed on Saturday, if there was not Saturday  
6 service, where would they go to, say, pick up a package?

7           MR. MELONSON: Well, we still have Saturday  
8 pickup, we just don't have a retail presence in those  
9 offices.

10           COMMISSIONER LANGLEY: Right. But if somebody has  
11 a package that's insured and is being held at the Post  
12 Office to pick up because they're not home, where would  
13 they go on Saturday?

14           MR. MELONSON: They would go to the -- like I  
15 said --

16           COMMISSIONER LANGLEY: If it were closed.

17           MR. MELONSON: If it was closed? Well, they  
18 wouldn't be able to pick up -- and we'd look at a  
19 case-by-case basis and see where we would need to have that  
20 so we could open if that was the case.

21           COMMISSIONER LANGLEY: Thank you. I have one  
22 further question of you, Mr. Melonson.

23           Mr. Goldstein testified that he would like to see  
24 USPS-approved shippers, as well as other CMRAs included in  
25 Saturday delivery. And you may not be able to answer this

1 question.

2 Is it possible to pull out those addresses if  
3 there weren't wholesale delivery on Saturday?

4 Right now, the Postal Service is going to have  
5 delivery to individual Post Office Boxes, but is it  
6 feasible to pull out those CMRAs, as well?

7 MR. MELONSON: Well, we have service call caller  
8 service and firm hold-outs, so that is a possibility, but  
9 that would come with a fee.

10 COMMISSIONER LANGLEY: Thank you very much. I  
11 have a question of Mr. Gomez. Has APWU performed any  
12 studies on whether the public is seeking alternatives to  
13 Saturday delivery?

14 MR. GONZALES: First of all, it's Gonzales, but  
15 I've been called worse.

16 COMMISSIONER LANGLEY: I apologize.

17 MR. GONZALES: I believe our headquarters has, in  
18 fact, through its Postal Customer Council, done some  
19 studies that I can forward to the Commission.

20 COMMISSIONER LANGLEY: That would be very good to  
21 have. Thank you very much. Mr. Griffin, has NALC done any  
22 study?

23 MR. GRIFFIN: Not that I'm aware of. But then  
24 again, if they are, I will contact our headquarters and  
25 have them forwarded to you.

1 COMMISSIONER LANGLEY: Thank you.

2 MADAM CHAIRMAN GOLDWAY: Councilman Hammond, are  
3 there any questions?

4 VICE CHAIRMAN HAMMOND: Just briefly, if I could.  
5 And I, too, want to thank you for your postal service. My  
6 father was a 30-year -- a proud 30-year postal employee, so  
7 I understand where you're coming from.

8 I had one question of Mr. Griffin that, as I look  
9 through the testimony that you've submitted to us -- and I  
10 couldn't find it in here but I thought you mentioned --  
11 regarding the FSS machines.

12 That basically, you think the Postal Service  
13 should quit wasting money on them because they don't work?  
14 I mean, we've -- we've got a good number of mailers that,  
15 for years now, have complained that it's taking way too  
16 long for the Postal Service to get those up and in  
17 operation and everything. But it's definitely something  
18 that they believe they're entitled to to provide for better  
19 service and all.

20 So I just wondered whether you could elaborate a  
21 little more on what you think about those.

22 MR. GRIFFIN: Certainly. What I was saying was  
23 that this initial cost of 1.4 billion, I believe they had a  
24 cost savings analysis done on how much money they were  
25 going to save based on a certain volume of mail that they

1 were going to receive. They have not received that volume  
2 of mail, therefore, they are continuing to spend money on  
3 machines that aren't being the cost-effective machines that  
4 they thought they would be. And I don't think that that's  
5 the way to go. Maybe they should pull back and wait until  
6 the volume does come back and then move forward with it.  
7 I'm not saying eliminate them at all. No, not at all.

8 VICE CHAIRMAN HAMMOND: Oh, okay. It kind of  
9 sounded like maybe let's just get rid of them.

10 MR. GRIFFIN: Oh, God, no.

11 VICE CHAIRMAN HAMMOND: Okay. That's not what you  
12 want them to do.

13 MR. GRIFFIN: No, I want to make them work.

14 VICE CHAIRMAN HAMMOND: All right. Thank you  
15 very much.

16 I did want to ask you if you could elaborate a  
17 little bit, and maybe Mr. Gonzales would like to, too.

18 You talk about the blue collection boxes. And  
19 that if ending Saturday pickup on all those would leave  
20 mailers to simply opt out of the mail.

21 While I can certainly understand it might be less  
22 convenient if they couldn't do it on Saturday, I don't  
23 know. Do you really think they would just simply abandon  
24 the mail system if they can't -- if they can't rely on a  
25 Saturday pickup from a blue collection box?

1           MR. GRIFFIN: Here in Las Vegas we've seen where  
2 they would pay -- some of the companies of magazines or  
3 periodicals here will pay a minimum wage to high school  
4 kids or something like that to deliver those periodicals on  
5 a Saturday.

6           The customer doesn't like it. They don't want  
7 these strange people coming to their door, number one. But  
8 number two, in a lot of cases, they're throwing things on  
9 their lawn, throwing them like a paper route or something  
10 along those lines, just throwing them out there.

11           Many, many people here in Las Vegas don't ever use  
12 their front door. They go in through their garage. They  
13 go from the air conditioned car into the garage and then to  
14 the air conditioned home. And they don't see their front  
15 door and, as a result, stuff gets piled up there.

16           So there was very, very many complaints. Plus the  
17 fact that these high school children are not the most  
18 reliable in the world. They have lives that they attempt  
19 to want to do on a Saturday night rather than deliver  
20 something to people out there, so there was customers that  
21 were complaining that their periodicals were being thrown  
22 in the sewers, just not being delivered at all. Their  
23 stuff wasn't being forwarded to their new address if they  
24 moved. And so it was kind after boondoggle for them.

25           But, yeah, they're going to find an alternate way

1 to deliver if we can't do it, absolutely, because that's  
2 their business.

3 VICE CHAIRMAN HAMMOND: Yeah. Mr. Gonzales, would  
4 you like to comment on that?

5 MR. GONZALES: Well, I can talk in respect to the  
6 postal patron. First of all, let me say this. The postal  
7 workers are postal patrons, too. I know that I rely on my  
8 letter carrier to take my mail because they've eliminated  
9 in my community most of the mail boxes, the blue boxes.  
10 You'd actually have to go to a Post Office to drop it off.

11 And they went from four mailboxes in front of the  
12 Post Office to one, and they altered their collection time.

13 So you've got to hit it right when you've got to  
14 hit it. But I rely on the letter carrier coming on a  
15 Saturday to take my mail. They won't be around on Saturday  
16 to do that.

17 So I suspect that the American public will just be  
18 hard-pressed.

19 And, you know, the postal manager here talked  
20 about the wait in line. They've taken all the stamp  
21 machines out of the Post Offices, where you actually have  
22 to stand in line now to buy one stamp.

23 Of course, the push is to, you know, go on e-mail  
24 or something or the Internet to get a stamp.

25 But people like their Post Offices. In some

1 communities, that's the hub. They like their Post Office.  
2 They like their employees. They like -- sometimes they  
3 even like the Post Master. No.

4 They like the sense of community that they have in  
5 their Post Office. And it's being eliminated little by  
6 little, and it's too bad.

7 VICE CHAIRMAN HAMMOND: And I'll stop there.  
8 Thank you.

9 MADAM CHAIRMAN GOLDWAY: Mr. Griffin, it's a  
10 wonderful story about getting to know all your neighbors  
11 and becoming such a fixture. But it's my understanding  
12 that the letter carrier routes have all been adjusted  
13 because of declining volume. Has your route been adjusted  
14 so that --

15 MR. GRIFFIN: Yes, it has. It's been added to.  
16 So I get to meet more new people and give them my friendly  
17 smile and my excellent service. But yeah, the National  
18 Association of Letter Carriers and the Postal Management  
19 went through two processes. One was called IRAP and one  
20 was called MIRAP, and then we have another one called JRAP  
21 which is going to consolidate even more routes to where we  
22 eliminate -- because of the declining volume, we deliver  
23 more places with the same carrier in the same amount of  
24 time because of the volume.

25 We don't go to every house, the vacant houses,

1 we'll skip those and go on to the next block that  
2 previously we wouldn't have been able to do in an  
3 eight-hour timeframe because we were delivering to houses  
4 that weren't vacant at that time.

5 MADAM CHAIRMAN GOLDWAY: So it's one of the ways  
6 in which the Postal Service has successfully adjusted.

7 MR. GRIFFIN: Yes. Jointly, we have saved  
8 millions of dollars.

9 MADAM CHAIRMAN GOLDWAY: And you deliver on  
10 Saturdays. But what's your sense overall? Are the letter  
11 carriers who deliver on Saturdays part of the full-time  
12 workforce, or are they the additional workforce, the  
13 part-time workforce that's needed just for Saturday  
14 delivery?

15 MR. GRIFFIN: Well, the partial workforce, the  
16 transitional employees are thrown into what we have -- we  
17 have a rotating day off here in Las Vegas. So that if I'm  
18 off Monday of this week, like today, next week I'll be off  
19 on Tuesday, and then the following week Wednesday.

20 So they fill in -- I have a regular relief person.  
21 But for the routes that don't have one, they fill in on  
22 that particular schedule. They would also have a rotating  
23 day off and work five out of six Saturdays.

24 MADAM CHAIRMAN GOLDWAY: Okay. That's very  
25 interesting. Okay. Are there any other questions?

1           COMMISSIONER LANGLEY: I would like to apologize  
2 to Mr. Gonzales again. I visited with my daughter-in-law  
3 yesterday for Mother's Day and her maiden name was on my  
4 mind so --

5           MR. GONZALES: Okay. Well --

6           COMMISSIONER LANGLEY: I do apologize. And my  
7 mailman, Mr. Johnson, is an integral part of our  
8 neighborhood and has been for many years.

9           MADAM CHAIRMAN GOLDWAY: Okay. And Mr. Melonson,  
10 I want to clarify. You said the average weekly intake for  
11 the APC this year is \$6,500?

12          MR. MELONSON: Correct.

13          MADAM CHAIRMAN GOLDWAY: And it was \$7,000 last  
14 year.

15          MR. MELONSON: Yes.

16          MADAM CHAIRMAN GOLDWAY: So that's a decline in  
17 usage.

18          MR. MELONSON: Correct. It's a decline in the  
19 amount of money that's coming through. It's like 500 less  
20 a week, on average.

21          MADAM CHAIRMAN GOLDWAY: Yes. So --

22          MR. MELONSON: Like I said, we're second in the  
23 country.

24          MADAM CHAIRMAN GOLDWAY: Yeah. But are your APCs,  
25 the 24/7 locations like at the casinos or something like

1 that? Is the decrease tied into something specific here in  
2 Las Vegas, or is it just a general trend?

3 MR. MELONSON: It's the general trend throughout  
4 the country that affected everybody from last year. I  
5 think the only one, if I'm -- I may be mistaken -- might be  
6 just Alaska is maybe the only one that's up over last year.

7 MADAM CHAIRMAN GOLDWAY: Then I wanted to ask you  
8 about the setup you have where you have postal employees in  
9 grocery stores. Is that unusual? Is that something unique  
10 for this District?

11 MR. MELONSON: That's unique for Nevada Sierra,  
12 and that's at the Albertsons stores.

13 MADAM CHAIRMAN GOLDWAY: All of the Albertsons, or  
14 just some?

15 MR. MELONSON: Just some.

16 MADAM CHAIRMAN GOLDWAY: You made an arrangement  
17 with Albertsons?

18 MR. MELONSON: That was made at least ten years  
19 ago to have postal presence in there.

20 MADAM CHAIRMAN GOLDWAY: How are those working  
21 out?

22 MR. MELONSON: They're pretty positive for the  
23 community because they pick up not only the mail, but they  
24 also do the shopping, so Albertsons has always engaged us  
25 in that. You know, even in the future, they may look at

1 putting us in new stores.

2 Albertsons closed about four stores that we had  
3 POEs in, but they closed. So we had eight at one time and  
4 now it's down to four.

5 MADAM CHAIRMAN GOLDWAY: Because the supermarkets  
6 themselves weren't doing so well.

7 MR. MELONSON: Correct.

8 MADAM CHAIRMAN GOLDWAY: So is there a difference  
9 from the Postal Service's point of view in the stores where  
10 you have postal employees or is this the CPUs?

11 MR. MELONSON: Still, the alternate access is much  
12 higher as far as bringing in revenue. Because, like I  
13 said, 40 percent of our revenue is coming from the  
14 alternate.

15 MADAM CHAIRMAN GOLDWAY: And you include those  
16 Albertsons in that alternate?

17 MR. MELONSON: That's outside.

18 MADAM CHAIRMAN GOLDWAY: So Albertsons is part of  
19 what you would count in your home.

20 MR. MELONSON: In my home revenue, correct.

21 MADAM CHAIRMAN GOLDWAY: That clarifies it for me.  
22 Does that generate any other questions?

23 COMMISSIONER ACTON: This is not a question, but I  
24 would like to extend -- you may have done this already,  
25 touched this base -- special thanks to District Manager

1 Melonson and his team for providing this opportunity to see  
2 the CPU operations firsthand today. It was a new  
3 experience for the Commission and it was very enlightening.  
4 And you should know that the Post Master General himself  
5 recommended that we make time to do that here in your  
6 District, so thanks for your time today.

7 MR. MELONSON: You're welcome.

8 MADAM CHAIRMAN GOLDWAY: Thank you, Mark. You  
9 offered the sense of our appreciation better than I could  
10 have certainly appreciated.

11 We appreciate your testifying here today. I think  
12 it's really been useful and you're a part of the postal  
13 family. We're all trying to solve the difficult problems  
14 we have together. And your honest and frank and very  
15 articulate answers really helped us and helped the record.

16 And if you'll provide the additional information  
17 that we asked of you, Mr. Melonson, we'd appreciate that to  
18 add to the record. And you're welcome to add additional  
19 information if you see fit to during the rest of the course  
20 of our hearing process.

21 We've enjoyed our visit to Las Vegas. We're going  
22 to try to keep our money for postal expenditures and other  
23 expenditures here in the City.

24 VICE CHAIRMAN HAMMOND: I didn't.

25 MADAM CHAIRMAN GOLDWAY: Nevertheless, we really

1 do appreciate being here with you, and thank you very much  
2 for your testimony.

3 We do have an opportunity now for any member of  
4 the public who would like to say a few words to come up and  
5 participate.

6 We have a microphone, and our Postal Regulatory  
7 Commission staff will go around to anyone who would like to  
8 say a word or two. Please just give us your name before  
9 you begin.

10 I'm used to sitting here at a City Council podium.  
11 I was once the Mayor of the City of Santa Monica. And our  
12 meetings would go until 2 or 3 in the morning because  
13 everyone had to have their say. So I'm happy to encourage  
14 you here to join in on the discussion.

15 MR. LINDEMAN: Madam Chairman, my name is Mike  
16 Lindeman and I've lived in Las Vegas for 20 years now.  
17 Been a postal employee for 32 years and a representative of  
18 the National Association of Letter Carriers here in town.

19 I'd like to thank you all again for this  
20 opportunity. I've been picking up on some of the comments  
21 that our fine State Vice President made, Mr. Griffin.

22 Just a few small points in clarification. The  
23 carriers that deliver on Saturday are a full-time workforce  
24 just as the other five days with the rotating day you see  
25 that everyone is virtually a full-time employee. That

1 Saturday, too, the letter carrier is no different than any  
2 other day.

3 And Rich did touch on the -- and you asked about  
4 the adjustments, and on a national level, the NALC's  
5 response to this shrinking volumes that then generated  
6 larger routes, and then less numbers of it.

7 So in Las Vegas alone, as an estimated ballpark,  
8 we lost at least 100 routes in this Valley, and absorbed  
9 them jointly and professionally through this process.

10 And I think you are well aware from President  
11 Goando (phonetic) as to the efforts the NALC has done to  
12 respond quickly to the Postal Service.

13 And the last little thing I'd like to mention is  
14 that the NALC publishes a monthly newsletter to its  
15 members. In that publication, I'm always proud to read --  
16 having been a carrier for 30 of those years -- of the two  
17 parts called the Heroes For, and the other being Proud to  
18 Serve.

19 If you read in our publication, every month, every  
20 year, there's at least 20, 30, 40 examples of situations  
21 that the letter carriers stumbled on through observance, or  
22 luck, or bad luck, or good luck, or timing where they just  
23 happened to be at the right place at the right time.

24 Whether it be smoke from house before the  
25 residents inside are aware of it, whether it's a crime

1 that's being committed and the postal employee spots this  
2 simply because they know their customers, they know their  
3 cars, and they know everything that's going on in the  
4 neighborhood. And when something doesn't look right, we've  
5 had that done.

6 Crimes, fires, but most importantly, the elderly.  
7 Throughout this entire nation, every month, a dozen or more  
8 letter carriers arise to the fact that somebody hasn't  
9 picked up their mail, an elderly person that's living along  
10 or a family that's homebound, or ill, or handicapped, or  
11 whatever the case may be.

12 And believe it, after delivering the same route  
13 for the same people years and years and years, you get the  
14 sense of people's routines. And when mail isn't picked up  
15 for a day or two by somebody who normally does, we knock on  
16 the door, we check on them. More often than not they've  
17 fallen, they can't get up, and they can't get to a  
18 telephone.

19 And Mr. Commissioner that mentioned about the  
20 uniqueness of Saturday. I'd have to say that Saturday is  
21 no more unique than the other days in terms of these type  
22 of activities. It's just that crime, fire, vehicle  
23 accidents, chokings, heart attacks, and fallen down elderly  
24 people happen seven days a week. And the fact that we're  
25 able to spot it six of those has greatly improved many

1 people's lives every year annually in this country.

2 Thank you for your time.

3 MADAM CHAIRMAN GOLDWAY: Thank you. If I may just  
4 respond in this way. When this Commission held a series of  
5 field hearings to develop our universal service obligation  
6 report, we heard many instances of how the Postal Service  
7 provided additional value to the community other than  
8 simply based on correspondence. And we agree that we would  
9 try to do additional studies in that area for future policy  
10 matters.

11 And we will, I hope -- we're exploring now the  
12 opportunity of how to do those studies so that we can have  
13 some way to more objectively measure the kinds of public  
14 assistance that you provided and described here today.

15 When we figure out how to do that, we will  
16 certainly let the public know about that. Other people who  
17 would like to speak?

18 MS. SMITH: My name is Arlene Smith. I'm a  
19 retired United States Postal Service employee. I've held  
20 numerous jobs, all here in the Las Vegas area, starting out  
21 as an LSM clerk.

22 I've trained window clerks, I've worked at the  
23 Post Office Expresses that are in the Albertsons, and ended  
24 my career as network specialist which we dealt with the  
25 highway contract routes with carriers and the drivers.

1 I want to speak today mainly as a retired person.

2 I am one of those that communicates through the mail with  
3 numerous family members and friends, birthdays, holidays,  
4 sometimes just haven't heard from you in a while.

5 Yes, I have e-mail. Yes, I am on the computer.  
6 But I think that the majority of the older people do not  
7 have computers and do not utilize that for the bill paying,  
8 whatever.

9 I think they also look forward to that mail,  
10 whether it's on Saturday, or Monday through Friday. And I  
11 think you would really be doing an injustice to them.

12 Sometimes that one little piece of mail, whether  
13 it's a bill, or just a communication from a friend or  
14 family, is the highlight of their day or their week.

15 I also receive my medications through Medco.

16 I also wait in line at the Post Offices. The Post  
17 Office that is closest to me that I go to every day has a  
18 long line. And I think we're really doing the public an  
19 injustice by not staffing these Post Offices more.

20 Anyway, basically what I wanted to say was, as a  
21 retired person, I look forward to receiving my mail.  
22 Whether it's a bill, a magazine, a letter from a friend, an  
23 advertisement, whatever. Thank you.

24 MADAM CHAIRMAN GOLDWAY: Did Mr. Melonson leave?

25 Yes. You should make sure to tell him which Post Office

1 this is that you're waiting in line.

2 MS. COLVIN: My name is Crystal Colvin. I'm not  
3 in the Postal Service. I'm on Disability from Electrical  
4 Union. And I would like to keep the mail coming on  
5 Saturdays. My only problem with my mail is I don't have  
6 the same carrier every day. And I have a notice on my  
7 mailbox. I don't want the advertisements, yet they keep  
8 putting them into my mailbox. Well, they don't -- so I've  
9 even asked them not to, and the first mailman that I had he  
10 even said just write -- he wrote it down for me. He wrote  
11 down my name and no advos or whatever it is, so that -- and  
12 he didn't put it in one of those things in my mailbox. If  
13 it doesn't have your name on it, they won't put it in  
14 there. So --

15 MADAM CHAIRMAN GOLDWAY: Well, thank you for  
16 bringing up that issue. That's another issue that we may  
17 have to look into at another time with regard to  
18 advertising mail and the access to it.

19 MS. COLVIN: All it is is a bunch of junk mail  
20 that ends up on the street all the time.

21 MADAM CHAIRMAN GOLDWAY: Thank you.

22 THE WITNESS: Welcome to Las Vegas. Members of  
23 the Commission, welcome. I'm Jerry Bevins. I'm President  
24 of the APW local here. I'd like to expand a little bit on  
25 what Mr. Melonson talked about a little before he left.

1 I think the solutions to our economic problems  
2 should not be in the hands of bean counters in Washington,  
3 D.C., they should be in the hands of local managers like  
4 Mr. Melonson.

5 As you pointed out, the program that he has where  
6 he has the lobby greeters where they greet the customers  
7 and help them through the lines, that's going to improve  
8 service to the community, and that's what we need to do to  
9 solve our problems.

10 If we attract the customers back that have left us  
11 because of our poor service, we will once again be doing  
12 what was -- we were originally supposed to be doing as the  
13 Postal Service as was created, what, 200 years ago or  
14 whatever it was. And I think that that's what we need to  
15 do.

16 And Mr. Melonson has other programs that are  
17 working well in this community, and I would like to see him  
18 have an impact.

19 It's not about Saturday delivery, it's about  
20 service to our customers and, you know, innovative managers  
21 that understand that. We'll make the right decisions.  
22 Thank you.

23 MADAM CHAIRMAN GOLDWAY: Thank you.

24 MS. HIDGES: Good afternoon Madam Chairperson.  
25 Committee members. My name is Lorraine Hedges and I'm a

1 retiree from the Postal Service after 43 years on the front  
2 lines.

3 I welcome you to Las Vegas, Nevada, and I hope  
4 when you're finished, you will realize that the  
5 continuation of the service for six days draws Americans  
6 closer together.

7 To ask somebody like me who's computer illiterate,  
8 who is a failure on the networking system, to use that to  
9 pay my bills isn't a front. And what's going to happen  
10 after you drive the Postal Service into the ground? The  
11 same thing that happened on e-bay when they upped the rates  
12 for you to sell on e-bay by 300 percent? Do you think  
13 they're going to open the Internet for free? I don't  
14 believe so. I think then they're going to start charging  
15 people to use the Internet for their bill paying services.

16 We need to have a continuation in rural Nevada --  
17 which happens to be the largest -- the third largest state  
18 in this country -- a way to be in touch with each other.

19 People in Amargosa and Pahrump, if you look at a  
20 map, live 50 miles or 60 miles from Metropolitan areas.  
21 They're older people who have retired there because the  
22 cost of living is smaller, and they don't need to be forced  
23 to have to put \$1,000 computer and computer service in  
24 their homes. They need to use a forever stamp which costs  
25 42 stamps, if you bought 1,000 before the rates went up, to

1 send their mail.

2 Also, I'd like you to consider when you have your  
3 next meeting, whichever city you go to next, to have it  
4 later in the afternoon so that carriers and clerks can come  
5 down and voice their side of the equation.

6 As you see here, we have 3,300 people that are  
7 employed as clerks and carriers in this city, and I think  
8 had we had this meeting at 7:00 at night, we could have  
9 surely brought in a larger percentage of our workers.

10 When I started at the Post Office in 1963, it was  
11 the U.S. Post Office, and we offered a service to each and  
12 every customer.

13 And now in the year 2010, we're the Postal  
14 Service, and like any other bankrupt office, they're trying  
15 to drive us into the ground. Help us get off our knees and  
16 stand up proudly and serve the American public.

17 MADAM CHAIRMAN GOLDWAY: Thank you. I saw  
18 somebody on this side here.

19 MS. GRIFFIN: Hi. Thank you for coming to Las  
20 Vegas. We're really happy you're here. But we would  
21 appreciate it if you did go over and deposit some of your  
22 money in some of our casinos. That's how we pay our taxes  
23 here.

24 My name is Tracy Griffin, and I'm a letter carrier  
25 in Las Vegas. I've been a letter carrier for about 30

1 years, I always say that I started when I was eight.

2 If the name sounds familiar, I'm related to the  
3 one that spoke to you earlier.

4 And with that, I wanted to tell you a short story  
5 about a carrier that saved one of those children that Mike  
6 talked about earlier. He was delivering his route, went to  
7 the door to deliver a Certified, and the woman had a  
8 choking baby in her arms, and handed it right to my husband  
9 when he knocked on the door. And being a father of three,  
10 he knew to pop that little small piece of bread out of his  
11 mouth really quickly and the child began to breathe again.  
12 And that was on a Saturday. So I just wanted to let you  
13 know that.

14 Also, we just had our letter carrier food drive  
15 this last Saturday. And in Las Vegas alone, we picked up  
16 over 390,000 pounds of food that we do one Saturday a year.  
17 And without our delivery on Saturday, I don't think the  
18 Post Office would allow us to do that. So we just thank  
19 you.

20 MADAM CHAIRMAN GOLDWAY: Thank you.

21 MR. SCHMUCKER: Madam Chairperson and  
22 Commissioners, my name is Homer Schmucker, and thanks for  
23 the ability to speak. I am the managing partner for  
24 Southwest Mailing Systems, LLC. We are a mailing systems  
25 equipment provider and a provider of postage meters, as

1 well.

2 I come from a little bit of a different angle.  
3 I'm a member of the Southern Nevada Postal Customer  
4 Council. I was also a member of the Central Florida Postal  
5 Customer Council a number of years back.

6 I've asked my customers what they think about  
7 elimination of Saturday mail delivery. Most of my  
8 customers are business-to-business people,  
9 business-to-business companies. Most of them don't really  
10 have a problem one way or the other.

11 Where we come from, though, is the mail is an  
12 important part of our economy. Without the mail, my  
13 business ceases to exist.

14 One thing that opened my eyes a little bit being  
15 here today is there's a lot of different factors involved  
16 with elimination of Saturday delivery. And part of it is,  
17 do we eliminate Saturday delivery and save a little bit of  
18 money, but in the long run actually end up costing the Post  
19 Office a lot of money because we lose more revenue?

20 I think that people have to look at the full scope  
21 of it. We can't just eliminate a little bit of cost if  
22 that little bit of cost is also going to eliminate  
23 considerably more revenue.

24 The full impact of Saturday delivery has got to be  
25 considered, not just how much we're going to save, but how

1 much more revenue we're going to lose. Thank you.

2 MADAM CHAIRMAN GOLDWAY: Thank you.

3 AUDIENCE MEMBER: Hello. I'm going to go the  
4 other way, and I notice we have some postal workers here,  
5 but I'm going to say something that's kind of upsetting.

6 My wife is a drug rep, and I have taken care of my  
7 parents, my wife's father, and my nephew all living in the  
8 house. We were getting tons of mail. I requested a parcel  
9 locker to be put up. They did. They put a parcel locker  
10 up, but I still kept on having the mail people cram every  
11 bit of mail of mine into those little tiny gang boxes.

12 They would put the letters in first, then they'd  
13 roll up the catalogs and cram them in so all the letters  
14 were wedged up against the door.

15 I've got a letter here when I complained about it  
16 that they told me I was breaking the law by not picking up  
17 my mail every night.

18 I was having to go to California to take care of  
19 my aunt in an Alzheimer's home, and they were confiscating  
20 my mail, taking it back to the Post Office on Rainbow and  
21 saying the only way I could get my mail was if I took out a  
22 Post Office Box, and I'd have to drive 9 miles there and  
23 9 miles back because they didn't want to deliver it to my  
24 house because they said I got too much mail.

25 My brother-in-law was a Post Office person in

1 Modesto, California, and he said this was pure garbage. It  
2 wasn't appropriate. It's not breaking a Federal law. I  
3 wasn't a criminal. That was an internal policy by the Post  
4 Office.

5 And to this day, I still try and contact the Post  
6 Office and get them to deliver my mail appropriately, but  
7 every time there's a package that won't fit in the gang  
8 box, the postman just throws it on my doorstep. My  
9 medications, just throws them on the doorstep allowing  
10 anybody and everybody to steal them, just laying out there  
11 in front.

12 So I don't have a problem with you eliminating  
13 Saturday delivery because I've gone to the point where I've  
14 put everything I possibly can on computer. Because now,  
15 the last 12 months, my electric bill, the only bill I  
16 cannot get electronic delivery, has disappeared four times  
17 in 12 months.

18 So I'm one of these very dissatisfied people with  
19 the mail people. I tried calling up the Sunset people,  
20 Sunset Post Office, and speak to the Post Master, and I was  
21 greeted by his secretary. And I said I wanted to speak or  
22 make an appointment with him, and she said, "My job is to  
23 make sure you never get to speak to him and never get an  
24 appointment with him."

25 So whatever you do to the Post Office is okay with

1 me.

2 MADAM CHAIRMAN GOLDWAY: Well, our job is to hear  
3 both the good and the bad. We do have at the Postal  
4 Regulatory Commission an opportunity for people to provide  
5 us with what we call inquiries. And we sometimes can pass  
6 those customer inquiries directly to headquarters and get a  
7 clearer answer than you might get locally.

8 So I would encourage you to use the Postal  
9 Regulatory Commission website and send your inquiries to  
10 our customer consumer page.

11 And I can't promise we'll do anything. I don't  
12 know the details of your concerns. But we do have that  
13 option within the Postal Regulatory Commission.

14 Any other questions? Well, I think we've got a  
15 wide range of comments, and I really appreciate hearing  
16 from all of you. This has been a really worthwhile  
17 experience for us, and I hope for you, as well.

18 You certainly can inform the members of your  
19 community, whether it's postal or otherwise, that there is  
20 a Regulatory Commission that works with the Postal Service  
21 and that we take our job of hearing from the public and  
22 including the public's point of view in our proceedings  
23 very seriously. We'd love to hear more from you if you  
24 have information or ideas to share with us.

25 So on behalf of my colleagues here on the podium,

1 I will call this hearing officially closed, and thank you  
2 all for your attendance.

3

4 (Proceedings concluded at 3:20 p.m.)

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In witness thereof, I have subscribed my name on this date: May 20, 2010.

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Ellen L. Ford, RPR, CRR

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